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 Fairchild

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Titles of New Books.....

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Agriculture, Mining, Forestry, and Fisheries

Book Reviews

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Titles of New Books.....

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Book Reviews

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Titles of New Books.....

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Book Reviews

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Titles of New Books.....

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Book Reviews

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Titles of New Books.....

Periodical Abstracts: *Accounting*, by M. J. Shugrue

(Continued on page 3 of cover.)

The American Economic Review

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FEDERAL RESERVE POLICY

The acute distress and the economic hardship resulting from the business and price recession movements of the past eight months, which have been experienced in all sections of the country, have drawn attention to the federal reserve system to a degree not hitherto experienced and have made the operations and methods of the federal reserve banks a matter of widespread public interest. The growing appreciation of the fact in the past few months, even in sections of the country where a strong disposition was manifested last autumn to charge the federal reserve system with responsibility for the collapse of prices, that the recent liquidation movement has, in the main, proceeded from world-wide economic causes and is incident to the general economic readjustment made necessary by the profound economic disturbances worked by the war, has done much to clarify the atmosphere and to make the moment favorable for a review and discussion of federal reserve policy and practice. While there is every reason to believe that the first and worst stage of the post-war economic readjustment is near its close, there is enough likelihood of further periods of economic difficulty and strain in the process of completing the general readjustment to make it a matter of great public concern to consider how the federal reserve system may best function in assisting the industry, trade, and business of the country through such further periods of uncertainty and pressure as may occur.

It is but little more than six years since the federal reserve system was organized and began operations on a modest scale. In that brief period of time it has had to meet a greater variety of conditions and problems than have ever confronted any system of reserve banking. Since the armistice it has had to cope with economic and financial problems of unprecedented magnitude and great complexity. It has rendered continuously the greatest assistance to the Treasury in making short-term borrowings. It has provided the credit basis for financing our enormous exports on credit to Europe. It is primarily to its steadying and moderating influence that the drop in prices during the past eight months did not eventuate in a complete and disastrous collapse. All of these things have been accomplished without ever for a moment putting the maintenance of the gold standard, or the solidity and integrity of our credit system, in jeopardy. These things augur

well for the future of reserve banking in the United States. The federal reserve system has met its first searching tests on the whole with remarkable success. The fact, moreover, that in the heat of a presidential campaign, in which the attitude and methods of the federal reserve system were frequently the subject of bitter attack in sections of the country which felt in a peculiarly high degree the impact of the price recession movement, it did not yield to sectional or political pressure of any character, has done much to set at rest the doubt, often expressed at the inception of the system, as to whether any system of reserve banking under governmental supervision could be fully successful in the United States because of "politics."

A great banking system is not, however, to be regarded as a ready-made contrivance. The legislator can frequently foresee much, and the law can do much, to make provision for future contingencies and establish safeguards against future temptations, but when all is done that can wisely be done by legislative prescription and legislative safeguards, it still remains true that a great banking system must be largely the result of growth and development in the course of shaping its policies, devising methods, promoting practices, and adapting its operations to the exigencies of differing situations as they arise. Such is peculiarly the case at the present time. The federal reserve system must learn its ways and get its gait in a world more profoundly disturbed financially, economically, socially, and politically than ever before. Severe, therefore, as are the tests which the system has already had to meet, the developmental stage may not yet be said to be over. Traditional methods of reserve banking, developed in the experience of Europe, cannot be mechanically adopted in the administration of the federal reserve system. Much pioneer work in blazing new paths must therefore needs be done by those who are guiding its development, and they will need all the help they can get from enlightened discussion and large-minded consideration of their problems. Recalling Bagehot's penetrating observation that "the abstract thinking of the world is never to be expected from persons in high places,"¹ and recalling also

¹ Reference: *Lombard Street*, by Walter Bagehot, p. 179. The whole passage with reference to the early management of the reserve of the Bank of England is worth quoting: "... the directors of the Bank of England were neither acquainted with right principles, nor were they protected by a judicious routine. They could not be expected themselves to discover such principles. The abstract thinking of the world is never to be expected from persons in high places; the administration of first-rate current transactions is a most engrossing business, and those charged with them are usually but little inclined to think on points of theory, even when such thinking most nearly concerns those transactions. No doubt when men's own fortunes are at stake, the instinct of the trader does somehow anticipate the conclusions of the closet. But a board has no instincts when it is not getting an income for its members, and when it is only discharging a duty of office."

how much the development of the English banking system in the nineteenth century owed to scientific economic discussion, it is much to be desired that American economists who are interested in problems of credit and banking, or in the bearing of credit administration upon economic conditions, should give close thought to federal reserve problems. It is for this reason that Dr. O. M. W. Sprague's notable examination of the discount policy of the federal reserve banks² is particularly welcome. His paper serves well as a point of departure for (1) a review of federal reserve policy in the past and (2) a consideration of factors and difficulties that will have to be reckoned with in adjusting the methods and operations of the federal reserve banks in the future to new conditions and altered circumstances.

I

Leaving out of consideration many minor, but by no means unimportant, features of federal reserve policy in order to concentrate attention upon more fundamental aspects, it may be said that the three chief elements of the policy of a central bank or system of reserve-holding institutions are best disclosed in connection with the attitude adopted toward: (1) gold; (2) currency; (3) credit.

While thus separately enumerated, however, the policies pursued with respect to gold, currency, and credit by the federal reserve banks are not to be regarded as separate and unrelated policies, but as closely complementary and integral parts of federal reserve policy. It would perhaps be nearer the truth to say that the policy pursued with respect to gold and the policy pursued with respect to currency are elements in the policy pursued with respect to credit, the regulation of the flow and volume of credit being in the last analysis the primary function of the federal reserve banks. Whatever policy the federal reserve system may pursue with respect to either gold or currency must take its color and occasion from the policy pursued with respect to credit, and such has been the case in the past.

1. *Gold policy.* The first phase of the federal reserve system's policy with reference to gold was developed in connection with the heavy influx of gold which set in toward our shores soon after the beginning of the European war, and which up to the end of the year 1916 added approximately 1200 millions of dollars to our national monetary stock. The federal reserve banks at this time not being possessed of any ready or adequate method of impounding this redundant gold, the Federal Reserve Board recommended in 1916 an amendment to our banking statute giving the board the power to raise the reserve requirements of

² In the *AMERICAN ECONOMIC REVIEW* for March, 1921, p. 16.

member banks. The object sought was to prevent, when and as it seemed desirable, the new gold which was accumulating in the vault reserves of member banks from becoming the basis of an undesirable expansion of credit. It will be recalled that at this time the federal reserve banks were operating under the terms of the Federal Reserve act as originally enacted, the required reserves of member banks being carried partly with reserve banks as balances, partly in the vaults of member banks, the remainder at the option of the member banks being carried either in their own vaults or with the reserve banks. It was hoped that a sufficient number of the leading member banks would appreciate the need of coöperation with the board's purposes in preventing the abnormal increase in our gold supply from providing a basis of inflation, to secure their support for this amendment. This amendment failed, but in September, 1916, the Federal Reserve act was amended so as to permit member banks, at their option, to carry the whole of their required reserves as balances with the federal reserve banks. The object of this amendment was to concentrate a larger portion of the actual gold reserves of member banks in the hands of the federal reserve banks. In brief, these first phases of the federal reserve system's gold policy developed out of its credit policy as a method of restraining undue and unnecessary expansion of credit at a time when the reserve banks had not yet attained a position where they could exercise any effective control over the course of the country's credit operations by discount rates.

The table on the opposite page, which sets forth changes in the leading items of the federal reserve banks' condition, shows the changes in the system's gold position to the end of March, 1921.

The next phase of the federal reserve system's gold policy came with our entry into the war in 1917. The note issue provisions of the Federal Reserve act were then liberalized so as to permit the direct issue of the federal reserve notes against gold as collateral security, the gold thus held as security in the Federal Reserve Agent's Department being counted as reserve required against federal reserve notes; and the provisions concerning member banks' reserves were changed, first by reducing their required reserves, and second by requiring that their reserves should all be carried as cash balances with federal reserve banks. The object of these changes was to enable the federal reserve system to strengthen itself against the credit demands which it was foreseen the war into which we were entering would occasion. The policy, in brief, was to impound as much of the stock of monetary gold in the country as possible in the federal reserve system, where it would supply, as circumstances made it necessary, an adequate gold basis for an enlarged issue of federal reserve notes and reserve deposit credit in

In millions of dollars						
Date	Net imports (+) or exports (-) of gold	General stock of gold in U. S.	Gold reserves of federal reserve banks (a)	Total cash reserves federal reserve banks (a)	Net deposits and note liabilities (a)	Reserve ratio (a)
November 27, 1914.....	—	1,835	228	262	252	104.2
End of March, 1917.....	—	3,089	938	947	1,065	89.0
" " May, 1919.....	—	3,092	2,188	2,355	4,350	51.8
" " March, 1920.....	—	2,662	1,935	2,057	4,821	42.7
" " March, 1921.....	—	3,001	2,222	2,437	4,585	53.1
Changes for period:						
Nov. 1, 1914, to end of March, 1917.....	+1,189	+1,254	+ 710	+ 685	+ 813	— 15.2
End of March, 1917, to end of May, 1919.....	— 29	+ 3	+1,250	+1,308	+3,285	— 37.2
End of May, 1919, to end of March, 1920....	— 404	— 430	— 253	— 198	+ 471	— 9.1
End of March, 1920, to end of March, 1921....	+ 376	+ 339	+ 287	+ 380	— 236	+ 10.4

(a) Bank figures relate to the last Friday of the month, except those of March, 1921, which are as of March 31; deposit liabilities and reserve percentages have been figured on a uniform basis throughout the table.

connection with the vast loan and financial operations of the war. Here again the gold policy of the federal reserve system is to be interpreted in the light of its attitude toward credit conditions and needs. Just as in the first phase of its gold policy its objective was to restrain credit expansion at a time when such expansion was not necessary, so now its objective was to provide an ampler base for credit expansion in view of the changed situation and its credit requirements.

The next important phase of the gold policy of the federal reserve system came in 1919 with the lifting of the embargo on the exportation of gold in June of that year on the recommendation of the Federal Reserve Board. The embargo on gold was not originally imposed at the instance of the Federal Reserve Board, although the board was charged with the responsibility of administering it. When one form after another of the various controls which had been set up over industry, trade, transportation, fuel, etc., began to fall away in 1919, the Federal Reserve Board recommended a lifting of the gold embargo, although the federal reserve system was still confronted with the credit problems of the Treasury and had not yet, on account of the Treasury financing, regained a normal control of its discount operations and its discount policy. At a time when it was virtually helpless to influence the course of the money market by the adjustment of discount rates to actual conditions, it sought to exercise what influence it could over the expansion of banking credit in the year 1919 by permitting the

exportation of gold, and thus exposing the gold reserve of the federal reserve system to depletion by foreign drains. The loss of gold from the country thus occasioned to the end of the year 1919 amounted to 322 millions of dollars. The loss occasioned to the federal reserve system amounted to 125 millions of dollars, and helped to bring nearer the day when the federal reserve banks must be permitted to resume their normal relation to the money market and to exercise a control through discount rates. Thus again it appears that the gold policy of the Federal Reserve Board was a reflection of its attitude toward credit conditions, although an important consideration in the lifting of the gold embargo was, also, the desire to maintain and upbuild American financial prestige by restoring to the American market the character of a free gold market.

2. *Currency policy.* There was little occasion, during the first years of the federal reserve system, for the Federal Reserve Board to develop a currency policy. According to the original conception of the Federal Reserve act, and in view, further, of the fact that at the time of the organization of the new system the country was supplied with a large volume of currency in the form of national bank notes, the federal reserve note was regarded as a means of satisfying seasonal or emergency requirements for additional circulation. When the great gold influx set in, in 1915, the federal reserve system pursued the policy of issuing federal reserve notes in exchange for gold, and the federal reserve note, up to the time of our entry into the war in 1917, was in effect a gold certificate. The object sought in this policy, especially in view of the extraordinary character of the shifting of the world's stock of monetary gold then in progress as an incident of the war, was to treat the reserve banks as repositories of gold against the day when it seemed reasonable to expect that the largest portion of our new acquisitions of gold would flow back to Europe, and was also in furtherance of the early credit policy of the board, already described. Under the terms of the Federal Reserve act, federal reserve notes were not available as legal reserve money to member banks. One of the practical effects, therefore, of the issue of federal reserve notes in exchange for gold was the withdrawal of this gold from ordinary banking use, particularly from member bank reserves, where its accumulation was already beginning to work an undue expansion of credit. In brief, currency policy was developed upon lines paralleling the federal reserve system's credit policy, which, as already stated, was aimed, at this time, at a control of credit expansion, the situation not yet having developed to a point where the traditional method of the control of expansion by means of discount rates could be made effective.

During the period between the end of November, 1914, and the end

of March, 1917, net imports of gold into the United States amounted to 1189 millions of dollars, while the increase in the gold held by the reserve banks and the reserve agents was about 710 millions. The difference between these two amounts represents additions to the gold holdings of national, non-national, and private banks, to gold held earmarked for foreign account, and to gold in circulation. It appears, therefore, that even before the entry of the United States into the war, the larger part of the gold coming into this country found its way into the federal reserve banks and was impounded there.

After we entered the war and the Federal Reserve act was liberalized in its note issue provision, the board systematically continued the policy, already noted in connection with the discussion of its gold policy, of impounding gold in exchange for federal reserve notes. It was expected that the gold thus acquired would be needed in the process of providing the credit facilities necessary for financing the war and in taking care of the extraordinary requirements of business occasioned by the war.

It was of course recognized that the degree of credit assistance that the federal reserve banks might be called upon to extend to their member banks in the process of floating the government's war loans might easily reach the point of producing a considerable inflation of credit. But the theory upon which the board proceeded with respect to the issue of federal reserve notes was that the currency, as such, would not promote inflation, and that restriction of note issues by federal reserve banks in response to the requirements of the community was not therefore advisable or necessary. On more than one occasion, as the volume of federal reserve notes in circulation showed substantial increase, the board stated its view that the increased issues were occasioned by the rise of prices, and that in due course, as prices ceased to rise or showed a tendency to fall, the federal reserve note currency which was found to be in excess of the country's requirements would return to the banks. The board's view was most succinctly stated in its letter of August 8, 1919, to the chairman of the Senate Committee on Banking and Currency:

Federal Reserve notes are not legal tender, nor do they count as reserve money for member banks. They are issued only as a need for them develops, and as they become redundant in any locality they are returned to the Treasury at Washington, or to a Federal Reserve Bank for redemption. Thus, there cannot at any time be more Federal Reserve notes in circulation than the needs of the country at the present level of prices require, and as the need abates the volume of notes outstanding will be correspondingly reduced through redemption.²

² *Federal Reserve Bulletin*, Aug., 1919, p. 701.

How far the currency theory thus stated has been borne out by recent changes in the volume of federal reserve notes in circulation can now be determined. Federal reserve notes attained their maximum amount for the year 1919 on December 26, when they stood at \$3,057,646,000. With the advent of the year 1920, a return flow of federal reserve notes set in. This movement, however, was short lived. Between December 26, 1919, and January 23, 1920, federal reserve note circulation was reduced by \$213,419,000. Thereafter there was a steady increase in the volume of federal reserve notes issued and in circulation, attaining the amount of \$3,404,931,000 on December 23, 1920, when a return flow of substantial dimensions set in which is still in process. The drop from the high point in December, 1919, to the low point of 1920, was \$213,419,000; and from the high point of 1920 to April 15, 1921, is \$536,404,000.

The two movements just referred to indicate not only changes in the volume of currency owing to seasonal needs, but also a connection between the volume of credit and the volume of currency, thus lending much support to the board's theory that the expansion of the currency is a consequence of the expansion of credit and the rise of prices, and that the expansion of the currency is not therefore to be regarded as a causal factor in price movements:

The increased volume of Federal Reserve notes in circulation during the past three years, in so far as it is not the result of direct exchanges for gold and gold certificates which have been withdrawn from circulation, is the effect of advancing wages and prices, and not their cause.⁴

Whether this view (with all it implies) of the relation of currency to credit and prices, which, it must be admitted, has the sanction of high authority in our own and other countries and considerable support from banking and currency experience under normal conditions, can safely be taken as an invariable principle of reserve bank action in the future will be considered later in this paper.

3. *Credit policy.* Credit policy was only of theoretical moment in the first years of the federal reserve system. Easy credit conditions in the United States, because of the reduction of member bank reserve requirements and the great influx of gold, made reserve bank credit policy and discount rates of little actual consequence until the late autumn of 1916. Then, for the first time, did a credit situation develop which gave to the rates of some of the federal reserve banks a degree of effectiveness. The increasing pressure for credit funds, which would have developed in the year 1917 even if the United States had not entered the war, would undoubtedly have led to the development of an effective discount policy by the federal reserve system—a policy

⁴ *Federal Reserve Bulletin*, Aug., 1919, p. 702.

in which main reliance would have been put upon rates, and under which reserve bank rates would have been adjusted to market conditions so as to keep them, in the larger financial centers at least, at or above the ordinary commercial rate; all of this in accordance with well recognized principles of reserve bank practice. With the entry of the United States into the war, the outlook was changed, and the federal reserve system was confronted with large and difficult problems of credit growing out of the loan policy and loan operations of the Treasury. From that time forth to the beginning of the year 1920, the discount policy of the federal reserve system was shaped not in accordance with money market conditions—not with the idea of using reserve bank rates as an instrument of effective control of the money market—but with the primary purpose of assisting the Treasury in the flotation of its great bond issues and its short-term certificate issues. In brief, the discount policy of the federal reserve system was treated as an element of the Treasury's loan policy, the federal reserve system virtually ceasing to exercise, for the time being, its normal function of regulating credit. The position of the Federal Reserve Board with respect to the bearing of Treasury policy upon the federal reserve system has been explained in its several annual reports,⁵ and recently was succinctly stated by the governor of the Federal Reserve Board at the joint hearings held before the Senate and House committees on agriculture on December 3, 1920:⁶

The Federal Reserve Board adopted a policy in order to assist in the war financing which was economically unsound. I say this frankly. Congress authorized certain loans. It authorized the Secretary of the Treasury to determine the rates at which the loans should be issued. The Secretary of the Treasury asked the advice of experts and then fixed the rates of interest to be borne by the several issues of bonds, notes, and certificates. During the time we were actually at war, something like \$18,000,000,000 of bonds were sold to the people, an amount certainly in excess of the normal investment power of the American people in such a short time, and the only way in which those loans could be financed was through the instrumentality of the banks. The only way the banks could undertake to do it was to get some assistance from the Federal Reserve Banks and at a low rate. The low rate of interest borne by these bonds was fixed with a view of holding down the expenses of the Government as far as possible. Anyway, that is something the Federal Reserve Board has no responsibility for. In order to make possible the floating of these bonds we fixed a rate less than their coupon rate. Some member banks announced that for a period of six months there would be a rate of $4\frac{1}{4}$ per cent on notes secured by Government obligations. The result was there was no loss to subscribing banks pending the distribution of the bonds to the public. There were successive bond

⁵ See Report for 1920, pp. 11-15; for 1919, pp. 67-73; and for 1918, pp. 1-5 and 85-87.

⁶ Pages 62 and 63 of the hearings entitled "Reviving the Activities of the War Finance Corporation."

issues. The principal reason why discount rates were not increased earlier than they were in 1919 was on account of Treasury financing.

This may be taken as the official statement of the Federal Reserve Board with respect to the discount policy followed by the federal reserve banks to the end of the year 1919.

It is clear that the point at which the loan policy of the Treasury affected the federal reserve banks was the money rate. Discount rates were maintained at artificially low levels from shortly after the beginning of the war in 1917 until the end of the year 1919. The particular device which was employed in aid of the Treasury's loan policy, as is well known, was the establishment and maintenance of (1) preferential rates on bond and certificate secured paper, as compared with commercial paper, and (2) a differential in favor of the rate on such bond and certificate secured paper as compared with the interest rate borne by the bonds and certificates. The immense credit resources of the federal reserve system were thus availed of by the Treasury during this period to make and maintain an artificial money market. In effect, the power of the Federal Reserve Board as the ultimate regulator of the discount policy of the federal reserve banks was put in commission, and rates were fixed, not "with a view of accommodating commerce and business,"¹ in accordance with normal principles, but with a view to accommodating the financial program of the Treasury in accordance with emergency principles.

Whether the Treasury's loan policy and methods of short-term borrowing were well conceived is not here in question. Indeed, the time has not yet come for passing judgment upon the policies of the Treasury in connection with the financial conduct of the war. It is, however, possible to speak of that feature of Treasury policy which most vitally affected the federal reserve banks. The wisdom and the necessity of the device of an artificial money rate, carried to the point that it was by the maintenance of a differential rate upon so-called war loan paper, may be questioned. In the light of subsequent developments, it may be questioned whether it was not a costly device to the country. While the bad economic consequences of artificially low discount rates were minimized during the war by the many various controls over the economic activities of the people that were then set up, a precedent was established which it was found difficult to set aside after the war.

The controls which were set up during the war on production, trade, and consumption—such as the War Industries Board, War Trade Board, Food Administration, Fuel Administration, Railway Administration, Shipping Board, Capital Issues Committee, New York Money

¹ The language of the Federal Reserve act, section 14, paragraph D.

Committee, had very important financial consequences. Their bearing upon the credit situation and upon the credit problem of the federal reserve banks was especially important. They acted in effect, though that was not their intended purpose, as a control of credit expansion at the source by limiting the occasion for the use of credit and by confining its use to such purposes as were deemed essential to the prosecution of the war.⁸

But with the close of the war—that is, with the cessation of hostilities following the armistice—these various controls were soon lifted: “The moment we knew the armistice to have been signed we took the harness off.”⁹ It was very generally expected that business and industry, if freed from restraint, would soon effect their return to a normal condition. Early in the year 1919, however, industrial stagnation and unemployment were in evidence, and a fresh survey and diagnosis of the economic situation was made by the Industrial Board¹⁰ set up under the auspices of the Department of Commerce for assisting the readjustment of industry and trade to a more stable basis. Its main effort was directed to bringing about revision of prices and stabilization of the expected fall of prices. Events soon showed that the policy of “price stabilization” was based on a faulty economic diagnosis. It was not many months after the close of the war that prices began to rise. The main impulse came from the release of buying power which had been in restraint during the war. A seller’s market began to develop in the spring of 1919. The consumer demanded goods; price was a secondary consideration. Dealers, both wholesale and retail, were bidding against one another for such supplies as there were, and manufacturers were bidding against one another for raw materials and labor. The rapid rise of prices induced buying for speculation, and speculation in its turn accelerated the rise of prices. Inflation was becoming cumulative and systemic in its effects, and pervading the whole body economic. This is the explanation of a phenomenon which has puzzled so many people. During the war, expansion of credit was restrained from working its full economic effects in the form of price inflation and speculation. After the war it was let loose when the various controls above enumerated were lifted and the huge volume of credit created during the war was permitted to diffuse itself.

⁸ *Federal Reserve Bulletin*, October, 1918, pp. 922-924. If these various controls which were in effective operation in the last months of the war had been made equally effective early in the war, it is probable that a better financial and credit situation would have been maintained throughout the war; in brief, that there would have been less inflation of credit and prices than in fact developed.

⁹ From President Wilson’s address to Congress, delivered December 2, 1918.

¹⁰ *Federal Reserve Bulletin*, Mar., 1919, p. 246.

The credit and business situation which developed in the United States in 1919 was one that needed restraint. A seller's market usually needs credit restraint before it passes the limit of safety, just as a buyer's market usually needs the help of credit support. It would have been of the greatest advantage to the country if such restraint¹¹ had been exercised by the federal reserve system in the year 1919, and the development of the runaway and speculative markets, which developed in the second half of the year, been measurably prevented. The federal reserve system was the one important agency of control left to the country after the various war controls had disappeared. All the more important was it, therefore, that it should be in a position to function as effectively as possible. Its burden and responsibility, even under the most favorable view of the situation, were undeniably large, and would have imposed a severe test upon the system. In the light of what transpired in the year 1920, as is now a matter of universal knowledge, there is every reason to believe that if the federal reserve system had functioned as effectively in 1919 in regulating credit as it did in 1920 in retarding and eventually arresting expansion, it would have rendered an inestimable service to the country and would have prevented many of the unhealthful developments in business and credit from gaining the headway which made action of so drastic a character as that which was taken in 1920 necessary. How much of the business distress and economic hardship experienced by the country during the past year would have been avoided, had the federal reserve system been in a position to pursue a discount policy in the second half of the year 1919 such as the trend of developments clearly indicated to be necessary, cannot of course be determined. Much of the hardship suffered by the country in 1920 might, however, have been

¹¹ The month of September was the time to have gotten control. The public debt reached its maximum at the end of August, and a great reduction of the floating debt occurred in September. Total war loan paper for the twelve federal reserve banks dropped from \$1,635,233,000 on September 5, 1919, to \$1,383,896,000 on September 19, following the redemption of certificates on September 15 of \$431,910,000. The rise was then rapid, reaching \$1,771,028,000 on November 7. The movement of total bills discounted paralleled the variations in war loan paper closely. On September 5, total bills discounted for member banks were \$1,847,418,000. They fell to \$1,645,881,000 on September 19, and rose to \$2,189,489,000 on November 7. The expansion of the loan account of the federal reserve banks during the seven weeks from September 19 to November 7 amounted to over \$500,000,000.

For the Federal Reserve Bank of New York, total war loan paper dropped from \$672,070,000 on September 5, 1919, to \$483,053,000 on September 19. It then rose to \$795,212,000 on November 7. On September 5, total bills discounted amounted to \$724,861,000, falling to \$528,592,000 on September 19, and rising to \$904,351,000 on November 7. The expansion in total bills discounted in the seven weeks from September 19 to November 7 amounted to approximately \$375,000,000.

avoided by the adoption in 1919 of an effective precautionary policy of credit control. That such a precautionary discount policy would have been adopted by the federal reserve system, had it felt free to act, will not be doubted by any one acquainted with the attitude of the Federal Reserve Board and the federal reserve banks at this time. As early as June, 1919, after the close of the Victory Liberty Loan campaign, which, it will be remembered, was announced to be the last of the war loans, the Federal Reserve Board expressed its concern over the unhealthful tendencies which were in process. Counsel and warnings of similar purport were subsequently repeated. The necessity of restraint upon the borrowings of member banks for speculative purposes by other means than advances in discount rates¹² was pointed out, and such restraint was urged. Here and there, for a while, there were some slight evidences that the situation was being controlled, but no large results were achieved, and speculative tendencies of a dangerous character and large dimensions, involving speculation in land and commodities as well as in securities, gained increasing momentum through the autumn of 1919. "Direct action," so-called, as a method of credit control was not succeeding.¹³ The expansion of credit and the rise of prices went on apace. Speculation flourished. It could no longer be doubted that the federal reserve system must undertake the regulation of credit by means of discount rates. A beginning was made by the slight advance in discount rates on war loan paper on December 11, 1919, with every expectation and intention on the part of the federal reserve system of assuming full control of its discount policy with the advent of the year 1920.

All this is said dispassionately and objectively, by way of explanation of a critical period in the history of federal reserve policy. The Treasury, as well as the federal reserve system, had its difficulties. While the war, in a fighting sense, was over with the advent of the year 1919, it was not over in a financial sense. The Treasury was still confronted with vast financial obligations. The financial precedent established during the war carried over into the year 1919. Reserve bank policy continued to be subordinated to Treasury policy, and discount rates throughout the year 1919 were maintained at artificially low levels.

¹² "The Federal Reserve Board is concerned over the existing tendency towards excessive speculation, and while ordinarily this could be corrected by an advance in discount rates at the Federal Reserve Banks, it is not practicable to apply this check at this time because of Government financing." (From a letter sent by the Federal Reserve Board to the chairmen of the federal reserve banks, June 10, 1919.)

¹³ "These warnings, however, were only a transitory expedient and were given only momentary attention by many banks. The Board was prepared, as soon as Treasury exigencies permitted, to resort to the well-known method of advancing the rate of discount." *Annual Report for 1920*, p. 12.

The device of an artificial discount rate provided too comfortable an expedient alike to the Treasury and to the banks of the country, which were still burdened with commitments made under the "borrow and buy" Liberty Loan slogan, to be easily relinquished. Thus was the federal reserve system controlled in the matter of its discount policy at the very time when the interest of the country at large required that it should be free of control in order that it itself might control.

With the year 1920¹⁴ the federal reserve banks entered upon the exercise of their function of regulating credit in accordance with business and economic indications, and, under circumstances of extraordinary difficulty and for the first time since the outbreak of the war, undertook to develop a policy of credit control by means of discount rates. About the same time the Treasury adopted the policy of adjusting the interest rate on its short-term borrowings to the state of the money market. It is not for the Federal Reserve Board to estimate the wisdom of the credit policy pursued by it in the year 1920. It may, however, with propriety speak of the attitude which led to that policy. There was nothing "hesitant"¹⁵ in the policy adopted by the board at this time. Rates were advanced as follows in January, 1920: commercial paper rate, from $4\frac{3}{4}$ per cent at ten banks and 5 per cent at two banks to 6 per cent at all banks; certificate of indebtedness rate, from $4\frac{1}{4}$ per cent to $4\frac{1}{2}$ per cent according to the rate borne by the certificate to $4\frac{3}{4}$ per cent on all classes of certificates; liberty bond rate, from $4\frac{3}{4}$ per cent at ten banks and 5 per cent at two banks to $5\frac{1}{2}$ per cent at all banks. Such marked advances of rate do not betray "hesitation"; they evidence conviction.¹⁶ This first advance in rates not proving effective, further advances were made in the early summer—the commercial rate at the largest federal reserve banks being advanced from 6 per cent to 7 per cent, rates on certificates from $4\frac{3}{4}$ per cent to $5\frac{1}{2}$ per cent at seven banks, and from 5 per cent to 6 per cent at five banks, according to the rate borne by the certificate, and rates on liberty bonds from $5\frac{1}{2}$ per cent to 6 per cent at six banks, and to $5\frac{3}{4}$ per cent at one bank, the rate being left unchanged at the remaining five banks.

The reserve ratio for the federal reserve system as a whole on January 2, 1920, was 43.7 per cent as compared with 50.8 per cent on

¹⁴ "Fortunately the condition of the Treasury is such that the Board can now feel free to inaugurate discount policies adjusted to peace-time conditions and needs." *Annual Report for 1919*, p. 60.

¹⁵ The term used by Mr. Sprague in the article already cited, page 24.

¹⁶ "It was the Board's conviction, however, at the close of the year (1919) that a substantial advance in all discount rates was necessary and that it should not be long delayed." *Annual Report for 1919*, p. 4.

July 3, 1919. It declined to 42.8 per cent on July 2, 1920. The board's action in raising rates was therefore clearly supported by the reserve position of the banks. But there is nothing in the action taken then or at any time later in the year to justify the statement that the board's discount policy in 1920 was not "the expression of a voluntary policy."¹⁷ The board's attitude is clearly indicated in its annual report for 1919: "The expansion of credit set in motion by the war must be checked. Credit must be brought under effective control and its flow be once more regulated and governed with careful regard to the economic welfare of the country and the needs of its producing industries."¹⁸ The action taken by the federal reserve banks in 1920 was taken not primarily to protect their reserves but to control the rate of expansion of credit. It should be distinctly noted in reviewing the situation of the reserve banks during the years 1919 and 1920 that the reserve ratio of the federal reserve system was declining, not because reserves were being depleted through loss of gold, but primarily because the credit facilities of the system were being too freely drawn upon by the banks of the country and the liabilities of the reserve banks in the form of deposits and notes mounting at a steady and startling rate. The decline of the reserve ratio reflected quite accurately the credit expansion which was in process.¹⁹ The solicitude of the board arose not because of loss of gold—for the total gold holdings of the reserve system showed little variation (amounting on January 3, 1919, to \$2,091,194,000; on July 3, 1919, to \$2,128,946,000; on January 2, 1920, to \$2,062,615,000; on July 2, 1920, to \$1,971,696,000; and on December 31, 1920, to \$2,059,333,000), but because of the unhealthy credit situation which had been developing since the summer

¹⁷ "It is, however, by no means certain that the Reserve Board would have taken measures to restrain credit during the course of the winter and spring of this year [1920] if the power of the reserve banks to extend credit within the limits of legal reserve requirements had not been nearly exhausted. The successive advances in discount rates made during the first half of the year were not then entirely the expression of a voluntary policy. It was a policy which in large measure was enforced by the reserve position of the banks." (Sprague, article cited, p. 23.)

¹⁸ *Annual Report for 1919*, p. 71.

¹⁹ Studies made by the Statistical Division of the Federal Reserve Board indicate that for the larger part of the year 1920 the reserve ratio has fluctuated in close accord with changes in note and deposit liabilities. As between notes and deposits, the indications are that for shorter periods of time changes in the ratio follow fluctuations in deposits, while for longer periods of time the decisive influence on the ratio is exercised by changes in the volume of notes. An effort has been made to devise an "index of divergence," or formula for estimating the relative effects of changes in liabilities and of changes in reserves on the movement of the reserve ratio. See paper by E. A. Goldenweiser, "Index of Divergence," in the forthcoming September number of the *American Statistical Review*.

of 1919, and which threatened to culminate in disaster unless subjected to control. While this condition was reflected in the decline of the reserve ratio, the board's discount policy was directed toward improving the reserve position of the federal reserve banks not by increasing their reserves but by checking the constant expansion of their liabilities and by setting in operation forces which would make for a healthier credit situation. It raised rates to protect the reserve banks against abuse of their credit facilities, and to protect the community and the general business and economic situation against the consequences of such abuse.

Whether the federal reserve system would have had the support of public opinion to the extent it had during the past year, had the bad situation which the Federal Reserve Board was undertaking to improve not been unmistakably reflected in the reserve position of the banks, may well be doubted:

As a guide to discount policy, it must be admitted the reserve ratio has certain conspicuous advantages. It is definite and obvious. Public opinion may be expected to support the always unwelcome policy of credit restraint when that policy is enforced by a depleted reserve. It is unhappily very doubtful whether the public would have been reconciled to the advance in rates made last spring if the reserve banks had had, let us say, a reserve ratio of 55 per cent, and yet, all other things being the same, an advance in rates would have been no less desirable.²⁰

It is this consideration, thus well stated, which has given to the bank reserve ratio in the past its authoritative position as a credit and banking indicator. It is this same consideration which will assure it a position of almost equal importance in the future. Tradition, it must never be forgotten, has much to do with matters of banking and credit practice. The popular tradition that the reserve ratio is the index of changes in the credit situation will therefore be slow to disappear. Particularly will this be true in the United States, where long adherence to the principle of legislatively prescribed minimum banking reserves has much of the sanctity of a first principle. The proposals often made in recent months to abandon the reserve ratio as an indicator of discount policy and to base discount policy hereafter on the observed effects of credit on prices,²¹ have, therefore, the character of academic proposals, even in present circumstances, which, it must candidly be admitted, are less favorable than was ordinarily true in the past to quick responsiveness on the part of the reserve ratio to changing business, credit, and price conditions. As an abstract proposition, the proposal to substitute a price indicator for the reserve ratio as a

²⁰ Sprague, article cited, p. 97.

²¹ *Ibid.*, p. 28.

guide to discount policy has much economic merit. The rigors of the recent price readjustment process through which the United States, in common with the rest of the commercial world, has been passing, have emphasized the value of price stability. Price disturbances not originating from inevitable natural causes are bad and costly alike to producer and consumer. It is not surprising, therefore, in view of the trying experiences of recent years, that effort should be made, in reviewing the working of present-day credit and banking machinery, to find some guide to credit policy that will give to the community greater protection against unsettling changes in the price level. Recent American experience, it may also be admitted, has demonstrated that good banking administration in times of economic disorder, at least, presents more than a problem of merely maintaining the reserve ratio, in a conventional or perfunctory sense.

Without entering upon the discussion of controverted questions of economic theory touching the relation of changes in prices to changes in the volume of credit, it may be assumed that the retardation of the flow of credit in times of expansion, and the acceleration of the flow of credit in times of business recovery following a period of depression, have an appreciable bearing on price movements. As a theoretical proposition, therefore, it is entirely conceivable that the discount policy of the federal reserve system might be governed by indications of impending price changes, with a view of mitigating their cyclical fluctuations. While such an undertaking would raise some new and difficult problems of credit administration, no doubt in time the technique of a plan of credit regulation based on price indices could be worked out and made administratively practicable if public sentiment demanded. But there is now no warrant in the statute under which the federal reserve banks are organized for undertaking to regulate their credit operations on any such basis. The economic logic of the Federal Reserve act is clearly predicated upon the theory that the federal reserve banks shall be operated with regard to reserve ratios, and "rates be fixed with a view of accommodating commerce and business." It would imply a very latitudinarian construction of the term "accommodating commerce and business" for the Federal Reserve Board and the federal reserve banks to adopt the "observed effects of credit on prices" as their rule of action in the future. There is not, however, the slightest reason for supposing that such a procedure on the part of the federal reserve banks would be viewed with public approval. Quite the contrary. Public sentiment in the United States is, and always has been, highly sensitive in matters of credit control, and precisely, among other reasons, because of the bearing that such control has, or is believed to have upon the movement of prices.

The popular dread of "contraction," based, as it is, upon the popular assumption of a close, immediate, causal connection between contraction and falling prices, has seldom, if ever, been appealed to in vain in the United States in times of economic pressure. There is not the slightest warrant in either the remote or recent economic history of the United States for supposing that the American public would sanction or tolerate a discount policy on the part of the federal reserve system avowedly based upon price indexes, even if it were clear that such a practice were otherwise advisable. It would be regarded as tantamount to the setting up of a credit and price despotism. This fear of contraction and its consequences is one of the most persistent phases of American popular economics; practically viewed, it has the force of an instinct and is the explanation of many, if not most, of the otherwise puzzling vagaries of American financial history. One of its earliest and most energetic manifestations, it is well to recall, was the bitter hostility aroused against the Second Bank of the United States because of the financial pressure experienced in 1833-1834, alleged to have been due to the sinister purposes and Czarist methods of the great banking institution against which Andrew Jackson was successfully arraying the forces of public sentiment in many sections of the country. Later manifestations of the same feeling abound in the decades following the Civil War, when the nation was confronted with the problem of correcting currency disorders resulting from the Civil War. Recent events, in the autumn of 1920, have given evidence of the persistence of a similar strain of sentiment.

The problem of credit and currency regulation in a country as vast as the United States, and as complicated in its economic organization with different sections of the country in different stages of economic development and maturity, presents a very difficult problem even under normal conditions.²² This, among other things, is the explanation and justification of the use of the regional principle in determining the structure of our system of reserve banking, as against the principle of a single central institution, nation-wide in the scope of its operation and control—the regional principle permitting of a closer adaptation of credit policy to regional or local conditions. The discount or credit policy of a reserve bank, whether organized on the regional or the central principle, must always be the expression of a judgment as to when a situation has arisen in business, industry, or credit which indicates the desirability of action on the part of reserve holding and credit and currency regulating institutions. That judgment must be a live judg-

²² See Sprague, article cited, pp. 26-27: "There is no such general market rate of discount as in England. Consequently, the Bank of England practice of a discount rate slightly above the market rate cannot have so pervasive an influence."

ment, not a mechanical judgment. A great variety of factors enter into the determination of appropriate discount policy. Among these may be mentioned the state of business, industry, and trade (both domestic and foreign), the state of money markets (both domestic and foreign), international gold movements, seasonal conditions and needs, accidental economic disturbances, sometimes political conditions and the international situation, the stage of the business cycle, price movements,²³ and the state of banking reserves. No one of these by itself can be conclusive of action to be taken. Each has its own value and significance; and competent judgment on the part of reserve institutions depends in great measure upon the skill and capacity developed to give to each of these several factors its due weight in any given set of circumstances in determining the matter of credit policy. But when all this is said, it may yet be added that ordinarily there is no one indicator which is more suggestive of the occasion of considering action on the part of a reserve bank than a change in its reserve ratio.²⁴

II

Viewing the matter practically, the problem of developing a more satisfactory technique under the federal reserve system, and one adapted to American conditions, is not that of finding a substitute for the reserve ratio as a guide to credit policy, but rather that of finding how to make our reserve ratio a more sensitive and immediate indicator of changing conditions in the credit situation than it now is. The problem, it must be admitted, has its very considerable difficulties; and these difficulties would be many, even under normal conditions. But the problem has been immensely aggravated by the disorganization of the whole mechanism of monetary standards and international credit and price relationships, and the artificial redistribution of the world's stock of monetary gold, which have resulted from the war. It would also deserve careful study, if space permitted, whether the changes made in the structure and safeguards of the federal reserve system by the amendments made in June, 1917, as a part of the financial preparation for war, are not destined to operate prejudicially to the best functioning of the reserve banks as credit regulators. For the effect of the 1917 amendments has been to make the reserve ratio of the federal reserve banks more sluggish in its responsiveness to changing conditions

²³ "While the Federal Reserve Board will always be mindful of the interdependence of credit and industry and of the influence exerted on prices by the general volume of credit, the Board nevertheless can not assume to be an arbiter of industry or prices." *Annual Report for 1919*, p. 73.

²⁴ Sprague, article cited, p. 27: "There is no substitute for the reserve ratio which possesses its peculiar virtues of simplicity and definiteness."

than it was under the original provisions of the reserve act. But even under the provisions of the reserve act as originally enacted, the reserve ratio of our reserve banks was probably a less sensitive indicator than that of the Bank of England, the institution which served as a general model after which our federal reserve system was patterned, and the institution whose methods of operation were believed to supply the best model in shaping the discount practices of our system.

The essential principle upon which the Bank of England is organized, as I see the matter, is unfettered discretion on the part of the bank in the matter of credit issue, combined with rigid restriction in the matter of note issue. This is the net outcome of the legislation of 1844, which specified no required reserve against deposits of the Bank of England, but a reserve of 100 per cent against all new issues of notes.

In practice, how does this system work? In a word, it has worked to make the state of the banking reserve of the Bank of England a very sensitive and immediate indicator, and therefore a very satisfactory guide to changes in discount policy. Under the English banking system as it operated before the war, any undue expansion of business and credit would, in swift course, make itself felt in the form of a demand for more than the usual volume of cash at the Bank of England. The Bank of England having no power to issue fiduciary notes to meet such demand, its cash—consisting of gold or Bank of England notes covered by gold—would be the source from which the demand would be met. The depletion of its reserve thus resulting from an undue credit expansion would quickly indicate the need of action on the part of the bank to protect its reserve by raising its discount rate, and thus, by a process which had become almost automatic in its character during the course of the forty years preceding the war, undue and unhealthful expansion of credit would be brought under control before it gained too much headway. All the more was this the case because an undue expansion of credit usually brought with it a gold export demand, for it is particularly to be noted that the rigid adherence to the practices of an effective gold standard and of a free gold market contributed greatly to the success of the English system of credit control. Under the English system, credit expansion usually gave rise to an external as well as an internal drain upon the cash holdings of the Bank of England. The combined effect of the two was to elevate the importance of the bank's reserve as a barometer of the credit situation almost to the position of being an instrument of precision.

England, like the United States, in contrast to the countries of the non-English-speaking world, is habituated to the use of bank credit in the form of the deposit account rather than of the bank note. Her

example is, therefore, of particular value for us. It has sometimes been argued, from the fact that the United States is a check-using country, that regulation of the currency is a negligible matter in the technique of banking control in the United States, supposing, of course, that care is always taken to make sure that all notes which are issued are fully protected by collateral security of indubitable character and value. In opposition to this view, I believe that regulation of bank-note currency, even in check-using countries, is at times a matter of first importance. I believe this to be measurably true, even under normal conditions when the commercial world or the major portion of it is operating under an effective gold standard and there is much gold or gold currency in actual everyday use and bank notes are convertible into gold, and principally for the reason that an increase in deposit credit invariably occasions, in due course, an increase in the demand for currency. Even check-using countries, like England and the United States, cannot do business without the use of a considerable proportion of hand-to-hand currency, the proportion of currency to credit in the United States being about one dollar of currency to five or six dollars of credit. The conditions upon which the community can get additional supplies of currency are therefore an important factor in credit regulation. The regulation of currency becomes, in fact, a method of regulating the flow and volume of credit. Important as it is that additional supplies of currency should be forthcoming on ready terms in certain circumstances, *e.g.*, in times of seasonal or emergency need, it is equally important at other times, when an undesirable credit or business situation is developing, that the conditions should not be easy. In general, it may be stated that the easier the conditions (that is, in terms of the effect on the reserve percentage) upon which banks of issue can furnish additional supplies of currency, the greater will be their difficulty, especially at times when their reserve ratio runs high, of regulating or controlling the volume of credit. It is, therefore, of first importance, under any system of reserve banking which undertakes to govern credit by primary reference to the reserve ratio, that the reserve ratio should fall or rise in quick and close reaction to changes in the volume of credit.

The matter is, in last analysis, largely one of psychology. The banker, no less the central banker than the ordinary commercial banker, looks at the reserve ratio as a gauge of the credit situation. So does the general community. Why this should be so need not here be analyzed. It is sufficient to emphasize the fact, and to point to one of its important implications in connection with our scheme of federal reserve banking: *A bank-note currency when it has little of the quality of a fiduciary note is more calculated to bring alike to the bankers'*

and the community's attention the fact and the meaning of credit expansion than when it has much of the fiduciary quality. This is a fair deduction from the forty years of English banking experience before the war. It is also the explanation of British determination since the war not to change the character of the Bank of England note as, in effect, a gold certificate, although such change has frequently been proposed in recent years:²⁵

We are of opinion that the principle of the act of 1844, which has upon the whole been fully justified by experience, should be maintained, namely, that there should be a fixed fiduciary issue beyond which, subject to emergency arrangements which we recommend below, notes should only be issued in exchange for gold. . . . We think that the stringent principles of the act have often had the effect of preventing dangerous developments and the fact that they have had to be temporarily suspended on certain rare and exceptional occasions (and those limited to the earlier years of the act's operation when experience of working the system was still immature) does not, in our opinion, invalidate this conclusion.²⁶

No doubt it would be possible for the Bank of England, with the help of the joint stock banks, without any legal restriction on the note issue, to keep the rate of discount sufficiently high to check loans, keep down prices, and stop the demand for further notes. But it is very undesirable to place the whole responsibility upon the discretion of the banks, subject as they will be to very great pressure in a matter of this kind. If they know that they can get notes freely, the temptation to adopt a lax loan policy will be very great. In order, therefore, to ensure that this is not done, and the gold standard thereby endangered, it is, in our judgment, imperative that the issue of fiduciary notes shall be, as soon as practicable, once more limited by law, and that the present arrangements under which deposits at the Bank of England may be exchanged for legal tender currency without affecting the reserve of the banking department shall be terminated at the earliest possible moment. Additional demands for legal tender currency otherwise than in exchange for gold should be met from the reserves of the Bank of England and not by the treasury, so that the necessary checks upon an undue issue may be brought regularly into play.²⁷

Whenever before the war the bank's reserves were being depleted, the rate of discount was raised. This, as we have already explained, by reacting upon the rates for money generally, acted as a check which operated in two ways. On the one hand, raised money rates tended directly to attract gold to this country or to keep gold here that might have left. On the other hand, by lessening the demands for loans for business purposes, they tended to check expenditures and so to lower prices in this country, with the result that imports were discouraged and exports encouraged, and the exchanges thereby turned in our favor. Unless this twofold check is kept in working order the

²⁵ From the report of the British Committee on Currency and Foreign Exchange (frequently called the Cunliffe report) reprinted in the *Federal Reserve Bulletin*, Dec., 1918, pp. 1178-1192.

²⁶ *Federal Reserve Bulletin*, Dec., 1918, p. 1187.

²⁷ *Ibid.*, pp. 1184-1185.

whole currency system will be imperiled. To maintain the connection between a gold drain and a rise in the rate of discount is essential.²⁸

An examination of our own experience during the past three years does much to confirm the wisdom and the correctness of the conclusion of the Cunliffe report. The machinery and safeguards set up in the reserve act as originally enacted also bear evidence of wholesome appreciation by the framers of the act of the danger of laxity in the administration of credit under a system of elastic note issue. The power to issue notes was separated from the power to make discounts. The latter was given to the federal reserve banks, subject to certain review by the Federal Reserve Board; the former was exclusively vested in the Federal Reserve Board. It was not alone for the safety and protection of the noteholder, but also for the protection of the general community against the consequences of excessive or ill regulated issues of credit and currency that this arrangement was made. It was perceived that the power to regulate the currency carries with it an indirect but considerable power to regulate credit; for power over currency is, in effect, and, within limits, power over reserves; and power over reserves is power over credit. Close attention, therefore, should be given by students who are interested in the development of methods and practices of reserve banking in the United States to the bearing of currency issue and regulation upon credit control. Much more importance, I believe, attaches to the function of currency regulation than is ordinarily recognized by economists in the United States. By increasing or diminishing the fiduciary element in the federal reserve note, or—stating the proposition in terms of gold—by diminishing or increasing the gold element in the note, the Federal Reserve Board has the power to protect the reserves of the federal reserve banks *against*, or to expose them *to*, depletion and thus to affect their reserve ratios, and thereby make their ratios more faithful economic indicators, both to the banks and to the public, of the credit situation and outlook. Regulation of federal reserve note issue, if wisely conceived and competently administered, is capable of use as a preventive measure against an undesirable expansion of credit in its earlier and more insidious stages by making the supplying of currency by reserve banks eat into their reserve more rapidly, thereby making their reserve ratio a more trustworthy reliance than it now is as a guide to credit policy.

The line of reasoning pursued above may seem to overlook or run counter to the well established theory that a truly convertible bank note currency, such as is the federal reserve note, is self-regulating, and cannot, except temporarily, be issued in excess. Our federal re-

²⁸ *Federal Reserve Bulletin*, Dec., 1918, p. 1183.

serve note is, no doubt, self-regulating in the sense that its volume adjusts itself to the volume of circulating deposit credit and the level of prices. It is not, however, by this test alone, or by this test primarily, that the self-regulating quality of a convertible currency is to be tested, more especially in view of the widespread derangements in the machinery of monetary standards and international exchanges which exist at this time and which promise to continue for a very considerable period of time. The theory that a convertible bank note currency is self-regulating and supplies its own corrective against over-expansion was in the nature of a corollary of the gold standard when the monetary and banking practices associated with the gold standard were in effect in a considerable number of countries. It was on such assumptions, and under the monetary conditions that existed in Europe before the war, that gold reserves²⁹ and convertible bank note issues of the several leading countries had a very definite and important significance as economic and credit regulators, more particularly as devices for setting in operation deterrent or corrective forces against credit expansion and price inflation. The theory of the self-adjusting character of a convertible bank note currency undoubtedly has much validity in normal circumstances—in such circumstances as existed prior to 1914. When the commercial world, or a sufficiently large number of the leading commercial countries, are operating on a gold basis, and prices in these countries are gold prices, the international flow of gold undoubtedly does much to act as a deterrent to excessive credit and currency expansion in gold standard countries. Currency and credit expansion, and rising prices, in such circumstances, bring about an unfavorable balance of trade, raise the foreign exchanges, and set in motion an outflow of gold and a return flow of bank notes for redemption in gold to meet the foreign drain. All of this may be freely admitted; but the conditions which the theory of the self-controlling character of a convertible bank note currency assumes, do not now exist because the conditions requisite to the functioning of an effective gold standard do not exist. The theory of bank note convertibility as

²⁹ Looking at the matter of reserves from the economic point of view, the adjustment of the volume of a country's credit and banking currency to what is necessary to maintain prices at their proper economic level may be described as the most important function of a nation's banking reserve. The gold of the world and the new gold as it comes from the mines is constantly in process of distribution and redistribution. It is thus that the international price level is maintained or rectified in accordance with underlying conditions governing the equation of international demand and supply of the different countries. As such, the gold reserve is an economic regulator of the very first importance. It is a method of testing the character and volume of a country's credit and currency and so keeping it from getting out of line with economic requirements, particularly in relation to world conditions. (*AMERICAN ECONOMIC REVIEW, SUPPLEMENT*, vol. IX, no. 1, p. 142, article entitled "After-War Readjustment: Liberating Gold.")

a protection against over-expansion therefore breaks down. The larger portion of the commercial world is not now on a gold basis, though the United States is. No one country, however important, can, by itself alone and for itself alone, maintain an effective gold standard. The monetary history of the United States in recent years conclusively establishes this proposition. The gold movements involving the United States in recent years have been predominantly one way movements. We hold a disproportionate part of the world's stock of monetary gold, and are adding to our holdings—a new gold movement of large dimension and portentous significance having recently set in.³⁰ Convertibility as a protective device has little meaning in such a situation. The self-regulating quality of our bank note currency has therefore been in abeyance, and has offered, and could offer, no protection, or at any rate no adequate protection, against the insidious process of gold-credit inflation.

Lacking the agency of two-way gold flows, in proper relationship, we must find and set up some other agency, at least so long as present abnormal conditions continue, for regulating our currency—and that

³⁰ Between October 15, 1920, and April 15, 1921 (the latest date for which figures are available) the federal reserve banks have increased their gold holdings by the amount of \$294,778,000. The great bulk of this, aggregating \$251,608,000, represents accessions since December 10, 1920. This is mainly new gold from the South African mines, bought in the London market for American account because of the premium on the dollar, and because of the further fact that the United States is a free gold market. The increase thus occasioned in the reserves of the federal reserve banks has had a pronounced effect upon the rise of their reserve ratio.

Between October 15, 1920, and April 15, 1921, the reserve ratio of the twelve banks combined increased 31 per cent, and that of the New York Federal Reserve Bank increased 44 per cent, as the tabulation below shows. A careful calculation indicates that the 31 per cent increase for the twelve banks combined is attributable to the three factors involved in the following proportions: Decline in federal reserve note circulation, 11 per cent; decline in deposits, 4 per cent; and increase in reserves, 16 per cent. For the New York bank the ratio shows a rise of 44 per cent, distributed as follows: Decline in federal reserve note circulation, 9 per cent; decline in deposits, 6 per cent, and increase in reserves 29 per cent.

Item	Twelve banks combined		Federal reserve bank of New York	
	October 15	April 15	October 15	April 15
Note Liabilities...	\$3,353,271,000	\$2,868,527,000	\$875,737,000	\$762,173,000
Deposit Liabilities	1,915,731,000	1,754,913,000	764,466,000	680,283,000
Deposit and note liabilities combined	5,269,002,000	4,623,470,000	1,640,203,000	1,442,456,000
Total reserves....	2,154,911,000	2,485,077,000	607,460,000	767,474,000
Reserve ratio.....	40.9	53.7	37.0	53.2

means primarily for determining its volume in accordance with changing conditions and requirements—if a good credit situation is to be reestablished and maintained in the United States, and the likelihood of the repetition of costly alternations of feverish activity and painful recession in business is to be reduced, or at any rate the violence of such alternations to be mitigated. The agency I am proposing for this purpose is the adoption and the development by the federal reserve system of a currency policy and a gold policy designed to operate upon the reserve ratios of the several banks so as to make those ratios a better index of the credit situation and a better guide to credit policy. I use the term "credit policy" rather than "discount policy" because the former is a broader conception and because the latter implies pretty exclusive reliance upon changes of discount rate as the instrument of credit control. The maintenance of good credit conditions appears to me to make the problem of credit administration one of credit regulation rather than one of credit control. Prevention, rather than control, should be the objective of a competent credit policy in the United States. This is not to say that changes of discount rate have no place in credit policy. They have, indeed, a very important place, but credit policy does not place exclusive reliance on rates; because regulation, not control, is its purpose. It aims to deal with tendencies or situations in the making, rather than to await their development before acting. While credit policy uses the rate as an instrument, it does not make the rate its only reliance, and when it uses the rate, uses it in time so as to prevent the necessity of resort to extreme and punitive levels. Having regard to the practical and traditional importance of the reserve ratio as the conventional credit and banking indicator, credit policy administers currency and gold so as to support its purpose by acting on the banking reserve and checking the development of lax loan policy tendencies on the part of either reserve banks or member banks. Thus are gold policy and currency policy not only complementary to one another but also inseparable elements in a comprehensive credit policy.

It would lengthen this paper unduly, even were this the proper place and occasion, to describe the *modus procedendi* which would be necessary in order to give effect to the ideas which have been set forth on federal reserve policy for the future. The discussion has concerned itself with matters of experience, with matters of theory, and with questions of principle and of policy, rather than with a program of action. The revision of our reserve bank practice, and the recasting of reserve bank accounting which would be necessary under a plan designed to give effect to the principles suggested, would not, however, present a difficult problem.

The main change in the published weekly statement of the federal reserve banks that would be necessary would be to report the specific *note* reserve, held by the Federal Reserve Agent, and the specific *deposit* reserve, held by the bank. The existing practice³¹ of stating the reserve position theoretically in the form of a ratio derived from a comparison of total reserves with combined note and deposit liabilities should be discontinued, or, if continued, be given merely for purposes of theoretical comparison, by the federal reserve system, and a form of statement should be set up which would show the reserves actually held against deposits and notes respectively and separately, as the law contemplates.³²

The existing gold holdings of the reserve banks should be reapportioned between the deposit reserve and the note reserve. To the deposit reserve might be allocated an amount of reserve money equivalent, say, to 45 per cent³³ of their deposit liabilities as of the date when the new form of accounting would become effective.³⁴ To the note reserve should be allocated all the remaining reserve, and, as the law requires, be in the form of gold.³⁵

The reserve thus allocated to the deposit reserve should be regarded as the working reserve of the banking or discount department of the federal reserve bank. The banks should be expected to conduct their discount operations on the basis of this reserve. Until conditions justified, the amount of this reserve should not be changed. Fresh acces-

³¹ The April 15 statement of the twelve federal reserve banks stated the reserve position for the banks combined as follows:

Ratio of total reserves to deposit and federal reserve note liabilities combined	53.7 per cent
Ratio of gold reserves to federal reserve notes in circulation after setting aside 35 per cent against deposit liabilities	65.2 per cent

The actual allocation of reserve moneys on that date showed, however, that an amount of gold equal to 52.0 per cent of notes in circulation was held by the Federal Reserve Agent or in the gold redemption fund, and that an amount of gold and lawful money equal to 56.5 per cent of their deposits was held by, or for account of, the banks.

³² "Every federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its federal reserve notes in actual circulation." Federal Reserve Act, Section 16.

³³ This would provide a potential basis for an expansion of over \$500,000,000 of reserve bank credit before the deposit ratio would reach the legal minimum of 35 per cent.

³⁴ A reserve of 45 per cent represents the approximate reserve ratio against the combined note and deposit liabilities of the twelve banks at the beginning of the year 1921, when the gold influx began.

³⁵ The apportionment above proposed would result, on the basis of the April 15 statement, in the shifting of about \$200,000,000 of the gold now held in the banking

sions of gold received by the banking department should be transferred to the note reserve by way of substitution for other collateral held by the Federal Reserve Agent, or in exchange for federal reserve notes. Withdrawals of gold from federal reserve banks for foreign shipment should, for the present at least, be taken out of the note reserve by the presentation of federal reserve notes for redemption in gold or by the substitution of commercial collateral for gold in the security held by the Federal Reserve Agent. The deposit reserve held by the banking department would thus be fairly constant in amount; the note reserve, on the other hand, would be variable in amount, fluctuating mainly in accordance with changes in the international flow of gold, increasing when an influx was in process and decreasing when an outflow was in process.

While the deposit reserve under the arrangement proposed above would be constant, the deposit reserve ratio would not be constant, but would fluctuate. Any expansion of the loan account of the federal reserve banks would quickly reflect itself in the diminution of the reserve ratio below 45 per cent; any diminution of their loan account would quickly reflect itself in an increase of the reserve ratio above 45 per cent. In brief, fluctuations in the reserve ratio would reflect quickly and accurately changes in the volume of the reserve banks' discounts.

From time to time the situation of the reserve banks as a whole, and of the several reserve banks individually, should be reviewed in the light of current credit conditions and needs in order to determine whether any reapportionment of reserves should be made; whether, *e.g.*, any given bank should enlarge its deposit reserve at the expense of its note reserve. The *modus operandi* for effecting such enlargement would be for the bank in question to substitute commercial paper for gold as the collateral security pledged with the Reserve Agent for notes issued to the bank, the gold thus released being covered into the deposit reserve. So far as the bank's reserve position was concerned, this would be tantamount to the transfer of a certain amount of gold from the note reserve to the deposit reserve in order to give the bank an enlarged basis of lending.

As a result, the reserve ratios of the federal reserve banks would have a meaning not now possessed by them. As the banking and business community came to be educated to the new method of stating the position of the reserve banks, primary attention would be paid to the movements of the deposit reserve ratio; that ratio would be the immediate gauge of the banking and credit situation. As credit expansion was in process, that reserve ratio would decline much more rapidly than department to the Federal Reserve Agent's department, and give a reserve ratio against notes of 59.1 per cent.

it now does. It would be a faithful indicator of what was going on. It would rise only in reaction to a decline in the rate of expansion or as liquidation was in process. Moreover, as the community came to appreciate the significance of changes in the deposit ratio, that ratio would come to be regarded with heightened interest because of the evident bearing, in the logic of reserve banking, of changes in the reserve ratio upon credit and discount policy. And thus would the problem of credit administration also be simplified and its solution be aided by anticipatory action, both on the part of the banks and on the part of the borrowing community.

The note reserve ratio, under the scheme of operation here under consideration, would have real significance as indicating the extent of the gold cover against federal reserve notes. Fluctuations in the note reserve ratio would indicate the increase or decrease of federal reserve notes outstanding, movements of gold *into* and *out of* the federal reserve system, and reapportionment of existing gold holdings between the deposit reserve and the note reserve. In times like the present, when a heavy flow of gold toward our shores is in process, the effect of the proposed plan would be to give, or rather to restore, to the federal reserve note more of the character of a gold certificate, which it had in the first years of the system, and to set up, under the guardianship of the Federal Reserve Board, a *super-reserve*. When gold was accumulating³⁶ in the hands of the Federal Reserve banks, the banks would substitute gold for other collateral pledged with the Federal Reserve Agent as security against outstanding issues of notes, new issues of federal reserve notes being made only in exchange for gold until conditions arose which justified the issue of notes against commercial collateral.³⁷

Thus would the new accessions of gold brought to us purely because of the derangements of international exchanges be kept in storage, as a *note* and *super-reserve*. There this gold would be held against the day when it will, in part, have to be returned to Europe in the process of restoring the gold standard there—an undertaking in which we, hardly less than Europe, have both an interest and an obligation; and in the meantime it would be where it could be drawn into the banking or de-

³⁶ Similarly, when silver and legal tenders are accumulating, as has recently been the case (on April 15 the federal reserve banks held \$198,198,000 of silver and legal tender notes, the Federal Reserve Bank of New York holding \$130,428,000 of this amount), the reserve banks should pay them out in supplying the demand of member banks for currency.

³⁷ Supposing the reserve statement for the federal reserve system were revised so as to report the deposit reserve and note reserve separately, the following example shows what effect a transfer of \$200,000,000 from the deposit reserve to the note

posit reserve, whenever circumstances justified its use to raise or restore the deposit reserve ratio at the expense of the note reserve ratio. Thus would these ratios attain a significance and value as indicators and guides not now possessed by the federal reserve reserve ratio, and gold policy, currency policy, and credit policy become constituent and compensating elements in a balanced scheme of federal reserve policy, whose primary purpose should be to promote and maintain a healthy condition of business and industry by regulating the flow and volume of credit with regard to the trend of business and the volume of production.

A. C. MILLER.

Federal Reserve Board, Washington, D. C.

reserve would have on the respective reserve ratios on the basis of the actual allocation of reserves as of April 15, 1921:

	Before transfer of \$200,000,000 to note reserve	After transfer of \$200,000,00 to note reserve
Note reserve (i.e., gold with Federal Reserve Agent and in bank's redemption fund)	\$1,493,001,000	\$1,693,001,000
Deposit reserve (i.e., all other cash reserves)	992,076,000	792,076,000
Federal reserve notes in circulation.....	2,868,527,000	2,868,527,000
Total deposits	1,754,943,000	1,754,943,000
Ratio:		
Reserve against notes	52.0	59.0
" " deposits	56.5	45.1

MARKETING OF AGRICULTURAL PRODUCTS¹

I. *The Marketing Problem*

Public interest in marketing.—No agricultural problem is being discussed more widely today than marketing. True, much of the discussion sheds more heat than light on the problem. It seems to be the open season for middlemen. Perhaps the North Dakota farmer voiced the popular feeling when he recently said, "Damn these middlemen! I wish I was one!"

A prominent granger in a northern state declares the present middleman system is "inefficient, bunglesome, wasteful and costly."

A successful middleman replies, "The present system of farming is inefficient, bunglesome, wasteful, and costly." Continuing his criticism of the farmer, he points out that a very ordinary farmer now raises 54 bushels of corn per acre, but the average for all American farmers is only 27 bushels per acre, or 50 per cent efficiency; that a good farmer grows 28 bushels of wheat per acre, but the American farmer on the average is getting but 14 bushels; that the scientific and up-to-date cotton farmer is making 500 pounds of cotton per acre, but the average cotton farmer in the United States is getting only 180 pounds to the acre, or 36 per cent efficiency. The middleman continues his criticism by saying that only a small per cent of the crop is No. 1 corn or No. 1 wheat or good middling cotton. In short, the average farmer is not efficient as to either quality or quantity of product. And further, says the middleman to his critics, the farmer is needlessly reducing his crop yield by growing harmful weeds, the yield being reduced 10 per cent in corn, 9 per cent in tame hay, 8 per cent in potatoes, 13 per cent in spring wheat, 7 per cent in winter wheat, and 27 per cent in pasture. Or, briefly, the preventable leak from this one source runs well over a billion dollars a year.² A perfect marketing system waits on a perfect production system. Poor production means poor marketing.

So the debate goes on. Nothing is gained by scolding. Reproach is good, but it must be self-reproach. The question is, what are the preventable leaks in marketing to which the farmer, particularly the organized farmer, may well give attention?

First, we may inquire, what would constitute an ideal marketing system? An ideal market for agricultural products would exist, for instance, if exactly one fifty-second part of the yearly crop were produced each week, marketed each week, and consumed each week, and if

¹ This paper was read at the Thirty-third Annual Meeting of the American Economic Association, held in Atlantic City, December 29, 1920.

² *Yearbook of the United States Department of Agriculture*, 1917, p. 205.

the quantity and quality were always the same, and the demand remained constant, and the price remained the same, and if each buyer paid cash. There would then be no credit problem, no storage problem, no grading problem, and, most significant of all, no price problem. Contrast this ideal situation with the real situation. Using wheat as a typical crop, we know that the world's eaters of the wheaten loaf need, on the average, three and a half billion bushels of wheat per year. And, oddly enough, this was actually the world's crop in 1914. But the year before that and the year after that the crop was half a billion bushels larger. And one year later, in 1916, the world's crop was a billion bushels short of the 1915 crop. Weather, insect pests, plant diseases—factors beyond the control of man—control the supply and the quality. Unlike a factory, the output of the farm cannot be controlled within definite limits.

In brief, the supply of the crop fluctuates widely from year to year. The quality changes likewise. Thus the large corn crop of 1917 was of such poor quality (owing to high moisture content) that literally hundreds of millions of bushels were wholly unmerchantable.

Viewing the whole situation from the economic standpoint we may say that these farm commodities are produced for the consumers, but are not produced at the right time, or the right place, or of the right quality, or in the right quantity to meet his daily consumptive requirements. Hence our present middleman system to overcome these four maladjustments in production and consumption: (1) time, (2) place, (3) quantity, (4) quality.

Supply is never constant, as indicated above in the case of the typical crop, wheat. The actual physical supply coming to market is not constant. The psychological supply—that is, the estimate of the crop, the carryover, the amount in farmers' hands, etc.—likewise changes from day to day, from hour to hour, with new information.

Demand is never constant. Consumers buy according to their desires, whims, fancies, caprices, and tastes. Consumption is not rational and cannot be. Consumption of staples, like bread and meat, fluctuate widely from week to week, month to month, season to season. So also with all other farm products. It is a very grievous mistake to assume that supply or demand is constant, for the market teaches otherwise.

The middleman's duty is to coördinate supply and demand, overcome the four maladjustments between production and consumption. He assumes therefore two risks: (1) price fluctuations, due to changes in supply or demand; (2) perishability, particularly in fruits and vegetables. The loss here is 40 per cent in the more perishable products.

Marketing is sometimes narrowly defined as the changing of ownership of goods. This is merchandising and is only one step, the final step, in marketing. Marketing is a far more complex thing than that. Marketing begins with the production of a marketable product and continues till the product is in the consumer's home. Marketing consists of five separate but related steps: namely (1) production, (2) storage, (3) transportation, (4) credit, (5) merchandising. A "solution of the marketing problem," is, therefore, a solution of five separate problems. They are bound up together, and all must be considered if more efficiency is to be introduced into our middleman system.

II. *The Solution*

A problem once clearly stated is half solved. If, therefore, we have stated the marketing problem correctly, its solution has been suggested. The five steps in the marketing problem are now considered in turn.

1. Production.—Recent market reports dealing with the fall in the price of cotton spoke of market gluts of low-grade cotton which caused stagnation in domestic and foreign markets; the hope was expressed that the poor-grade stuff could be worked off in Europe. The hay market in the ten leading markets of the country tells the same story—market gluts of low-grade hay, and a scarcity of No. 1 hay. The first problem for the farmer therefore, is, not how to increase the crop yields, but how to produce more of the better grades, less of the poorer grades. "Limitation of output" is a two-edged sword, now being played with by cotton farmers and wheat farmers. The labor unions have already used and abused this weapon and caused public odium to attach to the term. The farmer ought to limit the output in the sense that he keep the poorer stuff at home and put the better stuff on the market. He would realize more for his crop by this legitimate form of limitation of output. This would likewise eliminate some of the preventable leaks in marketing. For by glutting the market with poor-grade stuff the farmer spoils his own market and does not benefit the consumer. Here then is the first problem in marketing, the first step is production for market.

Grading.—Grading is the second step in production. Grains and cotton are coming to be sold largely on grades. But even in these commodities the buyer at the country station is commonly too lax in adhering strictly to the federal standards. This fails to bring home to the grower the relation between low grade and low price or good grade and good price. Most farm commodities have no federal grades or state grades or any other kind of grades. Here lies the first field for coöperative marketing by farmers, that they may put on the

market a better product, graded and standardized. Most of the large, successful coöperatives in the United States (such as the California examples, the Warren County, Kentucky, Strawberry Growers, the Eastern Shore of Virginia Produce Exchange, and so on) establish their own respective grades, and stand back of this grade. In other words, they imitate manufacturers of successful articles—have a brand and guarantee its integrity. When a good article, graded and standardized, is ready for market, the marketing problem is half solved. In no other way can sales f.o.b. be made. As long as ungraded stuff is sent to the city market, just so long will it be necessary to have commission merchants handle it, and handle it, moreover, on a wide margin. The commission merchant system is a poor system made necessary by poor production. For, as said before, poor production means poor marketing. Good production means good (cheap) marketing.

Summarizing, it may be said that the first step in marketing is producing a better product and putting on the market a graded, standardized product.

2. *Storage*.—Since most farm crops are produced only in the summer but are consumed during a large part of the year, these crops must be stored somewhere by somebody. Here the middleman enters, to begin one of his services. Most storage is now owned wholly by middlemen, by wholesalers, retailers, or others. Control of storage gives certain strategic power. Cold storage, dry storage, warm storage, and the various other kinds of storage are being furnished to the trade to meet the requirements of the present middleman system. But if the whole marketing system is to be dealt with constructively, if farmers are to go the whole way in dealing with the marketing of their products, they must take hold of the storage question. In some sections this means construction at railway stations of local storage warehouses for potatoes, for hay, and for various other crops. Here the grading takes place. With many commodities farmers ought to go into the terminal market and own storage—enough storage at least to learn the storage business from the inside. Thus the Canadian Grain Growers, some 20,000 strong, own terminal grain warehouses and hospital elevators where they do their own drying, mixing, and conditioning, thus learning all the ways of the trade. Storage owned by farmers would tend to equalize the flow of the commodities to market. Standard warehouses, under the United States Warehouse act, furnish warehouse receipts for graded commodities which in turn are strictly first-class liquid securities in securing credit.

An interesting example of the foregoing marketing principles was recently afforded by the hearings before the House Committee on Interstate Commerce. A farmer from Minnesota showed how a scarcity

of terminal grain warehouses at the seaboard caused a fall in potato prices in Minnesota, and also a drying up of credit to the potato farmers. It was a concrete and striking example of how closely linked together these five marketing functions are. First, the scarcity of grain storage at the seaboard caused a tremendous backing up of freight cars loaded with export grain. In other words, freight cars were used for storage, not for transportation, and thus one derangement begot other derangements. Storing grain in cars caused a shortage of cars in Minnesota, particularly in those counties having one thousand or more carloads of potatoes ready for market all at once, and with freezing weather approaching or at hand. Buyers refused to buy at any price, unless cars were on hand. Banks refused to loan on such an erratic market, with danger of a freeze and a loss of the product. Here clearly was a "marketing problem" that extended from the Minnesota farm to the Atlantic seaboard, and involved each of the five steps in marketing.

Summarizing, farmers should consider storage as part of their marketing program, and in case they are not adequately served they should devise ways and means of owning and operating more of their own storage.

3. *Transportation.*—Most farm crops are produced many miles from the place where they are consumed. Hence, comes transportation to give them "place utility." Transportation is the most expensive link in the marketing chain from the time the product leaves the farm till it reaches the retailer's hands. Government investigations have shown that the haul of cotton or wheat from the farm to the local station, over the country road, actually costs more than the haul from the Atlantic seaboard to Liverpool. The "big leak" in transportation, in other words, is due to bad country roads. This leak will never be cured by scolding the middleman. It will be cured by coöperation in the widest sense of the term—coöperation of all the various interests, rural, urban, local, state, and national until good roads are secured for the average farmer. The question of developing rural motor express lines is one for the farmer to face and solve. Transportation by rail is so vital in its social significance as to be compared with the arteries in the human body. Problems in rail transportation, such as car shortages and rates, being interstate or national in character, are, of course, beyond the reach of any one farmer although they affect his welfare most intimately. Farmers may well, therefore, when they mobilize themselves for better marketing, devote a goodly share of their attention to this step in the marketing problem. The "voice" of the farmer may well be heard in this vital matter.

4. *Credit.*—Most farm crops are paid for in cash when taken by

the dealer. But in most cases it is a matter of weeks or even months before these goods are passed on to the final consumer and paid for by him. To bridge this time-gap between producer and consumer—since there is not half enough money in the country to carry the goods—credit must be furnished. As the marketing structure is now organized the “middleman” is usually the person who performs the banking function of furnishing the credit. He borrows at wholesale from city banks. While it is doubtless true that the average farmer gets all the credit he is entitled to from his local bank, yet there is a preventable leak here in the marketing process. That is, credit to move the crop can be furnished the farmers more easily, more readily, and more cheaply—provided the preceding steps have been taken—if the goods are graded; if the goods are in a warehouse, insured, and represented by a warehouse receipt. Under the federal reserve system, there is the form of credit paper known as the trade acceptance which requires the creation of no new credit machinery, but is now available for farmers individually and collectively. This form of credit should have a very large and rapid development. After developing to their full limit the trade acceptance and the warehouse receipt the farmer will find that he is in as good a position to obtain short-time credit as is any other borrower.

The farmer should be educated to the new view of credit: that it is a tool to be used by the prosperous and not a mere “debt” or badge of non-prosperity. He should be taught that somebody has to furnish credit to market his crops and must be paid for furnishing this credit; that wholesale credit is cheaper than retail credit; that modern banking machinery exists to furnish more and cheaper credit to the farmers (organized or unorganized) who have successfully taken the first two steps in marketing. When these means of credit are exhausted it will be time to talk of creating new agencies for securing credit for financing the marketing process.

5. *Merchandising*.—The last step in marketing is the actual sale of the goods, the changing of ownership. The price problem is a knotty one. But we know that supply and demand do determine general prices. At least they mark out a sort of prize ring, and within this ring the buyer and seller “fight out” the price by the bargaining process. Of course the more powerful bargainer has some advantage over the weaker. A seller pressed by poverty, ignorance, or weakness is at a disadvantage. Conversely, a seller who has knowledge, or waiting power, or skill, may have the advantage. Here is where the argument comes in for coöperative selling organizations among farmers. They are mobilized; they have power; they have a voice in marketing. Collectively they secure and use market information. Thus, the potato

farmers in the Eastern Shore of Virginia Produce Exchange spend \$30,000 a year for telegrams. They are justified in doing this, for they have for sale a better product, graded, standardized. They would not be justified in this expenditure if they did not have such a product for sale. Being mobilized, 3,000 strong, they are powerful bargainers, within the limits of the law of supply and demand.

Cost of production.—A word must be said about the cost of production and its relation to selling price or value. Value (price) depends upon two factors—utility and scarcity. Cost of production governs supply, or the scarcity factor. Utility governs the demand, and has no direct relation to cost of production. Hence cost of production is not the correct basis of price, but is only one important element in it. Any price fixed by collective bargaining, collective selling, or otherwise, must actually reflect supply and demand, or it will not stay fixed. For it will lead either to a surplus (which the consumer refuses to take except at price concessions) or a shortage (leading the consumers to bid up the price).

JAMES E. BOYLE.

Cornell University.

CRITERIA OF MARKETING EFFICIENCY¹

Two points of view must be kept in mind in an attempt to analyze marketing efficiency. Such analysis may be directed from the point of view of the individual entrepreneur, or of particular classes of business men. This is commonly called the private point of view. Such investigations as those which have been carried on by the Bureaus of Business Research of Harvard and Northwestern universities are of this kind, as are most of the efforts of the United States Bureau of Markets, and of the Bureaus of Commercial Research maintained by some large business and trade organizations. Other analyses are carried out by investigators who are not interested in increasing the profits of individual firms or of particular classes of private business organization. They take what, for the lack of a better term, we may call the social or public point of view. Their aim is to study the social significance of marketing. In so far as they have any definite aim in mind other than the scientific search for truth, it is to determine how marketing can be carried on in such a way as to improve the economic status of the community as a whole. To such, marketing appears as a great mechanism for bringing goods from producer to consumer. This mechanism functions imperfectly at times and involves expensive processes. Consequently, it is worth study in order to determine whether it can be made to function more effectively and more economically.

The specific lines of research and even the immediate aims of those who take this latter point of view frequently, perhaps usually, coincide with those who are interested only as individuals, or as the representatives of a large class of enterprisers. But whereas those with the individual perspective are interested because they seek a means to increase individual profits, these latter are interested in individual success only in so far as it tends to the development of a more effective and a more economical distributive organization. This point of view is chiefly in mind in the following discussion. In the last analysis, this brings those of us who are individualistic in tendency to the point of view of the consumer. For the social end of marketing, as of production, is to gratify the wants of consumers as effectively and as economically as possible. And so, it is from the point of view of the investigator who sees marketing through the consumer's eyes that the criteria of marketing efficiency are now approached.

What, then, are the criteria for determining the efficiency of our market organization, and of the particular institutions of which it is composed? First among these must be considered the effectiveness with

¹ This paper was read at the Thirty-third Annual Meeting of the American Economic Association, held in Atlantic City, December 29, 1930.

which the distributive service is rendered; then, the cost at which this service is performed, understanding cost to include actual money expenses plus whatever profits are made by those engaged in marketing, whether they be producer, consumer, middleman, or functional agency. And, finally, there must be considered the effect which this cost and these methods of performing this service have upon production and consumption. In other words, to determine the efficiency of our market organization we must answer such questions as these: Does the scheme meet our needs? Do we pay more for the performance of this service, even though it is well done, than we should? What effect does our system of market distribution have upon production and consumption? If the system is effective but costly, it is inefficient. So is it inefficient when it is cheap but ineffective. And even though the mechanism as devised results in the effective and economical distribution of commodities, it is not efficient if it exercises an unfavorable influence on either production or consumption.

It is evident that the first two criteria, service and cost, must usually be studied as one problem, although the emphasis of a particular investigation may be upon service, or upon the actual money cost, or on the trade or speculative profits involved in the performance of the service. The last criterion, the effect of the market organization upon production and consumption, involves some most interesting and illusive considerations. Considerations which the business man and the economist learned to appreciate only when the great war magnified their difficulty and increased the need for their immediate solution. The price fixers in particular had these problems before them.

Most of the problems we meet, perhaps all of them, raise broad questions of technical efficiency. One group of problems centers about the purely mechanical elements involved in transportation and storage. Among these are problems concerning the effectiveness of the facilities for shipping and warehousing, and concerning the mechanical equipment and physical layout of our markets. The difficulties caused by poor country roads, limited railway facilities, congested terminals, and ill-planned wholesale market areas raise such problems. One of the greatest problems we have to face in the market for agricultural products is found just here. How can we retain the advantages derived from concentrating at these central markets the forces of demand and supply which operate over a wide area, and at the same time eliminate the disadvantages of the physical congestion of the market plants which arises from the resulting tendency to force an enormous supply of actual goods through these markets.

Another group of problems concerns the methods by which title to goods is transferred from producer to consumer. Here are raised a

host of questions of the most vital importance. Among them are those which relate to the efficacy of our market news service, upon which we depend to keep demand and supply in equilibrium; those which relate to the adequacy of our price system to properly correlate the various factors in production and marketing; those which relate to the legal protection of the parties to an exchange; those which relate to the great costs involved in our modern methods of buying and selling, including the costs of standardization, inspection and grading when these are present, the increased costs of bargaining when they are absent, and the enormous costs of demand creation; and here, likewise, center the problems which arise from the presence of market risks and the necessity for market finance.

These two groups of problems concerning the technical efficiency of our market machinery, one arising out of what may be called the purely mechanical efficiency of the plant, the other arising out of what may be called the trade efficiency of the system of bargaining, are the problems which bear directly on those criteria of efficiency which are based on service and cost.

More difficult of analysis but no less important is that group of problems which relates to the reaction of the existing market institutions, mechanical and trade, upon production and consumption. This group includes the question of the effect of the use of standard grades, when it results in improved products and increased stability of income to producers. And here may be considered the effect upon production which occurs when the market organization secures to the producer what he considers to be a "just share" of the final selling price of his produce. Here is raised the whole gamut of questions concerning the results on production and consumption of market competition and of the effects of particular railway rate structures, basing points, postage stamp rates, commodity rates, rates based upon a compromise between value of the product, weight, distance, and the competition of other carriers and of outside markets. Here, likewise can be considered the effect of our finance and warehouse methods upon the production of perishable and seasonable commodities, as well as the reactions to large market areas which have increased the growth of large-scale and specialized production.

Turning to consumption, we find for investigation the tendency for modern distributive methods to make available to consumers a large variety of commodities and the tendency of modern selling methods to create in the mind of the consumer a demand for variety, quality, service, style, and seasonable goods.

Most of the criticism of modern marketing is really pointed directly or indirectly at our competitive regime as it now functions. Even the

important problems of the physical efficiency of transportation, and of the physical congestion of central market areas, are very closely bound up with the conditions of competition in a regime of private property. Most of the proposed remedies and reforms, which are of more than particular application, propose to eliminate our present competitive system, or they involve proposals leading to an increase in existing forms of control on the part of the government, or to an introduction or enlargement of the control exercised by producers and consumers through some form of coöperation or combination among the members of these classes.

For example, it has been shown that demand and supply are not properly related. As a consequence there occur what we popularly call periods of over and under production. These may occur in many lines at a single time and result in a general paralysis of business, or they may be found with particular products or in particular markets, as when there is a larger supply of apples than the market demands or when there is an excess supply of perishable fruit dumped into a particular market on a Saturday afternoon. It is contended, likewise, that the system is so developed that often the physically best or physically nearest producing areas are kept from supplying their logical markets, because no adequate means of contact are established or because transportation rates are constructed with a view to bringing distant areas into a more favorable competitive relationship. Again, consumers are so played upon by the competitive efforts of merchandisers that they are held to have developed extravagant and unwise demands. It is further contended, and often proved, that of a given price at a given time the producer (and in particular the farmer) gets too small a share. Or it is held, conversely, that with the producer receiving a particular price the consumer is forced to pay more than he should, or again that the producer may have goods to sell and the consumer desire to purchase them but the market machinery fails to bring about an exchange.

Two causes are, of course, given for the large spread between producer and consumer, inefficiency of method and the opportunity for withholding too large a margin of profit by the various intermediaries involved. Either, when true, may be caused by the failure of our competitive regime to develop good methods and to keep prices down to a necessary margin of profit.

Other wastes, which in some cases can be placed at the door of the competitive regime, but which more often perhaps are due to a failure to develop effective and economical mechanical equipment, are those involved when it does not pay producers to harvest and market products, when products deteriorate en route to market or after reaching it,

and when products occasionally are allowed to perish, even when they have gone well on their way to the final consumer, because it does not pay those who hold them to carry them further.

It is evident from these illustrations that the criticisms now leveled at the market organization hit at the heart of our competitive regime,—the effectiveness of our price system. Economists in general hold that economic progress is greater under a regime of competition than it is conceivable it could be under any other known or proposed. Briefly, they hold that the best men and the best processes and policies evolve, and that goods and services that are wanted are produced most effectively and most economically. As applied to marketing this means that the most efficient firms will survive, that the best channels of distribution and the best methods of selling will prevail, and that commodities in amount, kind, and quality demanded will be placed upon the market. Finally, as regards price and cost, competition will reduce price to costs, including a reasonable (socially necessary) profit, but keep it up to a point which will insure the required production. This ideal comes very far from being realized, particularly when conditions are changing so rapidly that attempted solutions of problems of production and marketing are often out of date when they are evolved. In consequence, the process of selection when working through price is for times like the present slow and expensive. For competition is slow to weed out the inefficient producers and distributors, and their methods. But the advocates of the existing system, while recognizing this, hold that it is the best scheme of production and distribution which has been devised, and argue that many of the proposed remedies, such as socialism, the use of combinations tending toward control of particular kinds of production, whether by manufacturers or by agriculturalists, and even by consumers, will bring evils greater than are these wastes of competition.

We have, however, long since reached a point where a large group of investigators take it for granted that the competitive regime imputed to the classical economist's mind is and must be supplemented or abandoned. We have not yet reached a point where the schemes for abandonment as a practical program need seriously be considered. But there is, perhaps, a dominant feeling today that, while we may depend upon competition to maintain and increase private efficiency, that is the efficiency of the individual entrepreneurship, something more is necessary to bring about a proper correlation between individual activities, particularly between the efforts of producers or consumers of specific products, and so to promote general efficiency. As an eminent investigator put it some time ago, "effort within indi-

vidual or industrial units is carefully planned, between them it is planless."¹

Two types of activity are suggested and in use: governmental assistance, such as is rendered through the crop estimates, and private coöperation as expressed in the combination movement and in consumer and producer coöperation. Both of these can avail to:

1. Improve market news.
2. Limit or increase production, as the condition of the market demands.
3. Improve the physical efficiency of central markets.
4. Improve transportation rates and efficiency.
5. Increase the standardization and the grading of products.
6. Bring about the elimination of unnecessary middlemen.
7. Control excessive profits.

In any criticism which may be made the investigator must be careful to balance properly the service rendered against the cost. Too often the former is forgotten. If the consumer demands great service he must pay. Criticism should be leveled at him rather than at those who render the service or at the market system. That is, the consumer should be criticized unless the very activities of those who render the service, or of others back of them, tend to increase the demands of the consumer for service. And even then the critic must be certain that the service itself is a bad thing or less desirable than something which has to be foregone, or that it is inefficiently performed or allows undue profits to be accumulated.

If there is a wide spread in price between producer and ultimate consumer, if fifty per cent or more of the final price of an article is the marketing cost, this does not necessarily indicate either inefficiency or excessive profits. On closer examination it may be found that neither of these things is present, that the service is actually costly, even though it is well performed. Or it may be found that what is done warrants an investigation not of the market but of human desires, or of modern large-scale methods of production and demand creation or of the nature and effects of modern railway rate structures. It is evident that the relative cost of marketing most commodities has been on the increase of late and that relatively more individuals and more capital are so engaged. In so far as this is a result of modern conditions in production and consumption, our investigation should start there. But in so far as our modern distributive system has reacted to bring about these conditions in production and consumption we return whence we started, and our field is the market organization.

Any investigation of market efficiency should start with certain things

¹ W. C. Mitchell, *Business Cycles*.

clearly in mind. Just so long as we have large-scale production and specialized producing units and production areas, just so long as consumers congregate in small areas far removed from the source of the products which they demand, and just so long as we possess wants which can be gratified only with products from remote sources, or products perishable physically or commercially, just so long we must have large markets and so, a large market organization. And the larger our producers become, the more we develop specialized production and production areas, the more our consumers congregate and the more numerous their desires become, the more important, and probably the more costly, the market machinery will be. That is, we must recognize for example that the benefits of specialization in production are in part offset by the increased costs of distribution. And this refers not merely to the cost of physical storage and delivery, but to the increased cost of financing, to the increased cost of the greater market risks which must be borne, and to the increased sales effort which the large producer feels that he must make in order to minimize these market risks. We soon reach in some industries a point where the increased costs of distribution—particularly transportation—offset any advantages of large-scale production. It may be that society will some day reach a point where it must consciously balance against such increased costs of marketing not only the advantages of large-scale production, but the advantages of further specialization by producing areas, and the pleasure the consumer derives from variety and service, just as individual consumers are constantly doing.

FRED E. CLARK.

Northwestern University.

FARMERS' CO-OPERATIVE ASSOCIATIONS: THEIR LEGAL AND LEGISLATIVE ASPECTS¹

No attempt has been made in this paper to touch upon all the subject-matter which could logically demand treatment under the title assigned. Rather is the discussion confined to existing and proposed legislation which tends to define the status of farmers' coöperative associations under the anti-trust laws of the United States.

Within recent years there have been numerous attempts by modification of the federal anti-trust laws to differentiate farmers' coöperative organizations from other forms of business enterprises.

Legislation to this end may be said to have had its beginning with the passage in 1914 of Section 6 of the Clayton amendment of the federal anti-trust laws. In this amendment Congress undertook to give farmers' non-stock, non-profit coöperative associations a definite and somewhat distinct position in their relation to the provisions of existing legislation.

Section 6 of the Clayton amendment provides:

That the labor of the human being is not a commodity or article of commerce: Nothing contained in the anti-trust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the anti-trust laws.

Congress undoubtedly intended by the above provisions to permit farmers' companies to operate without regard to federal legislation prohibiting "monopolies" and without regard to the committing of acts in "restraint of trade" providing such companies were (a) composed entirely of farmers, (b) organized without capital stock, and (c) operated for the mutual benefit of their members and not for profit.²

Regardless of the intent there is grave question as to whether the amendment gives coöperative associations any privileges not already enjoyed before its passage. Many attorneys who have given much thought and study to the meaning of the above amendment openly confess that in the absence of a court decision they do not know what its logical interpretation should be. Others hold that under the

¹ This paper was read at the Thirty-third Annual Meeting of the American Economic Association, held in Atlantic City, December 29, 1920.

² A non-profit association is understood to be one which distributes the net proceeds of its operations to members in proportion to the amount of patronage which each member contributes during a specific time.

amendment the mere act of organizing for purposes of collective bargaining shall not be construed to be in violation of the federal anti-trust laws; but should such an organization restrain trade through subsequent action, it is liable to prosecution under the provisions of the anti-trust laws. In accordance with this interpretation, the farmers are free to organize for collective bargaining. The mere act of organizing shall not be construed to be in restraint of trade. But the actions of such an organization are in no wise immune from the provisions of the anti-trust law.

Although the office of the Solicitor of the United States Department of Agriculture has not attempted to give an official interpretation, it has based its instructions to the field organizers of the Bureau of Markets upon the opinion that the acts of the coöperative associations are not immune from federal anti-trust laws even though these associations be organized on a non-stock, non-profit basis.

The Federal Trade Commission seems to have taken this point of view also in its recommendations to the Department of Justice concerning the reorganization of the California Associated Raisin Company.

In this report the Federal Trade Commission states in part: "But the conduct of the Raisin Company's business should be modified, as well as its organic structure. Some of its methods have been and would, unless changed, continue to be in violation of the Clayton law even after the company is readjusted in form to the requirements of Section 6."

Regardless of the intent of Congress in passing Section 6 of the Clayton amendment, it can safely be said that the amendment has tended to make the status of farmers' organizations more indefinite and more uncertain rather than clarifying their legal position.

Furthermore, the Clayton amendment has serious objections from an economic standpoint. It prescribes organizations without capital stock. This form of organization is not easily applied to all types of farmers' coöperative associations. Many states do not have laws which provide for this form of organization. Furthermore, since a large majority of existing associations are organized on a stock basis, the universal adoption of the provision of Section 6 would necessitate a reorganization of a large majority of the existing farmers' coöperative marketing companies—an almost impossible task even though it were found desirable. To many associations, reorganization would mean the termination of their existence.

Another indication that Congress favored at least partial exemption for farmers in their efforts to bargain collectively is shown by the restriction placed upon the appropriations of the Department of Justice.

² *Report of Federal Trade Commission to Attorney General, dated June 8, 1920.*

Beginning with the fiscal year 1914 and continuing down to date, the following provision has been inserted in the appropriation for the enforcement of the anti-trust laws: "Provided further, That no part of this appropriation shall be expended for the prosecution of producers of farm products and associations of farmers who coöperate and organize in an effort to and for the purpose to obtain and maintain a fair and reasonable price for their products." The effect of the above provision depends largely upon the construction of the undefined term "fair price."

The next attempt to define the status of farmers' coöperative associations under the provisions of the anti-trust laws was that of total exemption. The so-called Capper-Hersman bills of the last session of the Congress are a good example of the efforts along this line.⁴

These bills proposed unmistakably to exempt farmers' organizations from the provisions of the anti-trust laws. As was to be expected, these and similar proposals expired in the hands of the committees.

The next important development along this line and one which gives more promise of success is contained in the Capper-Volstead bills,⁵ which have been passed by both houses and are now (December 29, 1920) in the hands of a joint conference committee.

The provisions of this proposed legislation are substantially as follows:

1. Associations, in order to come under its provisions, shall be made up exclusively of farmers.

2. Associations shall be organized for mutual help and not for profit.

3. The Federal Trade Commission shall hold investigations if it has any reason to believe that the association restrains trade or lessens competition to such an extent that it "unduly enhances the price" of any agricultural product.

4. If after holding hearings the Federal Trade Commission shall have reason to believe that the association restrains trade or lessens competition to such an extent "that the price of agricultural product is unduly enhanced," the commission shall issue an order directing the association to cease and desist from such actions as are found objectionable.

5. If the association neglects or fails to obey the order of the Federal Trade Commission within 30 days, the commission shall refer the matter to the Attorney General for action.

It is reasonable to suppose that the above legislation, if passed without modification, will accomplish the following ends:

1. Farmers' buying and selling organizations will be relieved from

⁴ H. R. 7783, 66 Cong., 1 Sess.; S. 845, 66 Cong., 1 Sess.

⁵ H. R. 13931, 66 Cong., 2 Sess.; S. 4344, 66 Cong., 2 Sess.

undue and harassing litigation under the anti-trust laws by placing a scientific, investigational commission between the farmers' organization and the federal courts.

2. The legality of acts of farmers' coöperation marketing associations under the anti-trust laws shall be measured by their effect upon the public welfare rather than by the long accepted, but wholly inadequate and ineffective, standard of "competition versus monopoly."

It may be contended that the act gives farmers, through their organizations, advantages not enjoyed by other industries, hence it is class legislation. In order to pass upon this opinion it is necessary to note some of the characteristics which differentiate farming from other types of business. The ordinary business corporation is an institution for collective bargaining. By means of this form of organization individuals may associate themselves for the purpose of collectively buying, selling, and manufacturing. It is essentially a form of pooling of interests, and who can say this is not an effective means of combination. If it be a good collective bargaining institution, one may ask why do not farmers take advantage of this form of association rather than demand special legislation. Their inability to take advantage of the general corporation form of organization brings out one of the essential characteristics which differentiate farming from other industries.

The farm as a business, and the farm as a home, are part of the same unit and seemingly inseparable. Farming is a family industry. From all indications it will remain so for some time to come. Many have been the attempts to apply factory types of management and centralized control to agricultural production. It is safe to say, however, that only a small fraction of one per cent of the agricultural products grown in the United States are produced on farms which are under corporate management. American agriculture has shown little inclination to change its habits to an extent that will permit the paying of a going rate of wages for those employed in it, plus the current rate of interest on capital invested in land and equipment, and leave a surplus for the rewards of management.

Economists specializing in agricultural problems will agree that at least one fourth of the farmers of the United States receive no money compensation for their labor and managerial ability after subtracting from the total farm income the running expenses and interest at 5 per cent on land and equipment.

If farmers were to take advantage of the usual corporate form of organization it would be necessary that their farms be owned by the corporations; but since the farm is an inseparable part of the home and cannot well be operated as a separate unit, one at once sees the impracticability of such a scheme for pooling of interests. As Rep-

representative Volstead says, "It is no answer that farmers may acquire the status and secure the rights of a business corporation by deeding their farms to a corporation. That is neither desirable nor practical from any standpoint."⁸

It must be granted that business corporations have many privileges in the way of collective bargaining which are not enjoyed by the individual or the coöperative organization.

The writer is firmly of the belief that centralization of most industrial interests tends toward substantial economies. Because of this fact legislation is ineffective to check unified action and to bring about so-called free competition. If this be the case, how shall the farmer be put on an equal footing with those with whom he deals in the sale of his products? Centralization of his marketing interests through co-operation has offered the only hope. But it has been found that co-operation will not serve the purpose if it is placed in the same legal category as the mammoth business corporation. Experience has shown that this equal treatment of unequals brings about injustice.

The large business corporation which is an appreciable influencing factor in the control of its field has little, or nothing, in common with the great majority of coöperative concerns. The coöperative form of organization is an organization of limitations. Coöperative laws as a usual thing limit the dividends, prescribe the disposition of the surplus, specify the maximum amount of stock which may be held by any one member, and dictate the manner of voting, together with the process of electing the board of directors as well as the general form of management and control. All the limitations are necessary. They are inherent characteristics of coöperation. But because of the very nature of the form of organization, the business of a coöperative company tends to be everybody's business. It is public, consequently one can readily see why it is that a coöperative organization is more liable to prosecution under the anti-trust laws than is a concern whose business transactions cannot be correctly ascertained even by the aid of grand jury proceeding.

In the writer's estimation, the above provisions, if enacted into law, would grant to farmers' marketing associations no privileges not already enjoyed by business corporations. This legislation merely tends to grant to coöperative organizations some of the privileges of the business organization. It has been likened to a handicap which has been placed on one of the participants in a race of unequals. That comparison, however, is hardly an apt illustration. Rather is it an attempt to equalize the conditions of a race in which two vastly different types of participants run over two courses which have little in common.

It would not be well to close this discussion without briefly discussing

⁸ H. R. Report No. 939, 66 Cong., 2 Sess.

the probable effects of this legislation upon the welfare of the consumer. The proposal very wisely states that the coöperative organizations under its jurisdiction shall not "unduly enhance prices." They may combine or even restrain trade, for the purpose of effecting economies, but they must not arbitrarily control price.

One who is acquainted with the wide diversity of the conditions in the various agricultural sections, together with the great numbers of people engaged in the industry, has little fear of agricultural monopolies. On the other hand, if there is a possibility of monopolistic power it is to the consumer's interest that the actions of these organizations be supervised as is provided for in the bill.

It should be noted that this bill as described marks a definite recognition of supervised monopolies. It recognizes the economic truth that there are good monopolies as well as bad monopolies, the same as there is good competition as well as bad competition. Both monopoly and competition may be good or bad depending upon their effect upon the public welfare.

The bill under discussion attempts to put the farmers more nearly on a par with the corporations with which they have to deal in order that they may secure a fair price for their products. As a guarantee to other classes that a fair price is all that is desired, the bill contains provisions for the investigation of complaints which may be made against associations under this act in case these organizations seem to be exacting an unfair price.

The Volstead bill passed the House on May 31, 1920, and the Senate on December 15, 1920. The bill is now in the hands of a joint conference committee. The following "rider" which is intended to defeat the whole purpose of the bill was attached in the Senate: "Nothing herein contained shall be deemed to authorize the creation of, or attempt to create, a monopoly, or to exempt any association organized hereunder from any proceedings instituted under the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,' approved October 15, 1914, on account of unfair methods of competition in commerce."

There is strong reason to believe that this amendment-rider will be eliminated before the passage of the act. If it should stand, however, coöperative organizations will have the same legal status under the federal anti-trust laws as was the case before the enactment of the Clayton amendment. An exception to this is that the pending legislation, with the above amendment, creates machinery for more rigid supervision and for closer investigation of coöperative actions—a proposal to treat a serious burn with more fire.

ASHER HOBSON.

Columbia University.

GRAIN STANDARDIZATION¹

With the development of the American grain industry in the middle of the nineteenth century and the creation of a large marketable surplus of grain, the need for a more efficient method of trade than sale by sample or by the presentation of the grain became imperative. The construction of storage capacity to be used by different owners of grain, the purchase and sale of large volumes of grain where the personal relations of buyer and seller were lost, and the fulfilment of contracts that extend over a period of time, called for a new trade language that might serve as a common basis for comparing values and for providing a more satisfactory method of establishing market price.

The pioneer work in developing the inspection and grading of grain fell to the grain exchanges which were empowered to provide rules and regulations that govern the dealings between their respective members, who were solicitous for having a more economical distributing system, if for no other reason than private gain. The principal reason for exchange rather than private inspection was the early recognition of the necessity for impartial inspection if the new language were to become articulate. The first grain inspector at Minneapolis was employed by the Millers' Federation but the Minneapolis Chamber of Commerce, shortly after its organization, assumed full control of the inspection and grading service. At Boston and Philadelphia, during the early history of inspection, the grain exchanges established the grade standards and appointed the chief inspector who assumed full responsibility for the collection of inspection fees and for the finances of the inspection department; but this financial arrangement has been discontinued and the exchange inspection departments are now fully responsible for the inspection service because the temptation to manipulate the standards to the profit of the chief inspector was considered too great.

It is reasonable to suppose that the control of inspection has been more impartial when administered by the middleman organization where the competing interests of buyers and sellers meet than if the control had been exercised by a producers' or a consumers' organization. On the other hand, exchange inspection has not been entirely free from trade influence. The occasional change, or attempt to change the standards during a period of market manipulation, and the occasional lowering of the standards to suit the convenience of the selling interests when the quality of the crop is poor have nevertheless exerted an influence out of proportion to their frequency to destroy the confidence

¹ This paper was read at the Thirty-third Annual Meeting of the American Economic Association, held in Atlantic City, December 29, 1920.

of interested dealers in the reliability of the means by which they estimate quality and hence determine the price to be paid. A market risk is thereby created that must be compensated for in a wider spread in the price between the producer of grain and the consumer. The distrust of exchange inspection, moreover, that is engendered among producers by these methods and the omission of producer representation in the exchange control is largely responsible for the movement for political inspection in the principal grain-producing sections and for the adoption of state inspection and federal control.

The broadening of the control of inspection, however, sacrifices the advantages of the non-political character of exchange inspection. The personnel of the grain committees that control exchange inspection changes slowly and the inspector who is capable and efficient may therefore expect a long tenure of office. This attracts capable men to a profession that demands the skill which comes from long experience and it breeds an efficiency that cannot be so readily obtained if an inspector's term of office depends upon the fortunes of political parties. On the other hand, the exchange inspection departments have not met the usual test of greater initiative and progress that is usually ascribed to private endeavor, due to the security from political favoritism. The state inspection departments and federal supervision have rather been the leaders in adopting new methods and equipment for grading while the exchanges have generally adhered to the older types.

The principle of uniform standards of grading is also important to an efficient inspection system. Three types of problems are involved here: first, uniform inspection of the grain arriving at and leaving a market; second, uniform grading between different markets; and, third, uniform grading over a period of time; but inasmuch as the absence or presence of uniformity affects the market price in much the same way under all circumstances, the different aspects of uniformity involve similar problems of price economics. By creating confusion rather than clarity in the meaning of grade terminology, the stabilization of the means through which supply and demand are expressed is lost, fluctuations in the market price are encouraged, and the attendant risks increase the cost of marketing. In a dynamic industry absolute rigidity of standards is impracticable, since new types of grain and new market conditions may make it desirable to change grade requirements from time to time; but such changes, whether effected by changes in grade descriptions or in method of application, should be preceded by sufficient notice to obviate any disturbance to the contractual relations of which the standards form the basis. Due to a difference in classification and in interpretation, the American decentralized inspection system that existed prior to the adoption of federal supervision and fed-

eral standards offers a good illustration of the effects of variations in the grades between the different markets. The chairman of the legislative grain committee of the National Grain Dealers' Association testifying before a congressional committee in 1914² estimated that in American grain markets there were about two hundred grades or variations in grading oats, sixty grades or variations in grading corn, and thirty grades or variations in grading rye. An improper understanding of the function of grades also too often caused the standards to fluctuate between competing markets. Large quantities of spring wheat of the 1915 crop, for example, that would normally have been marketed at Minneapolis were shipped to Chicago where, due to the unusual demand for spring wheat to be mixed with the winter wheat of poor quality, shippers secured better grades and better prices. Competition between the two principal wheat markets was therefore reduced to a basis of both grades and prices which tended to lower the standards, to add confusion to the trade, and to pervert the purpose of standardization. To avert the inconveniences and losses attending similar situations, the National Grain Dealers' Association adopted uniform grades for the principal grains in 1909, but six years' experience demonstrated the futility of its efforts in the absence of a central official organization with authority to compel the general adoption and uniform application of the standards.

Another type of confusion may come from the misuse of the grades by individual dealers. The practice of mixing a cheaper with a dearer grain, adding weed seeds to light barley, barley or even water to oats, or rye to wheat, to the detriment of the value of the grain for which the mixture is sold, is encouraged when the grades are not clearly defined, and the per cent of foreign material permitted in the different grades is not specifically stated. The evolution of standards to provide more definite, even mathematical grade requirements, discourages this practice by giving to the grain that carries an excess of harmful or valueless material a lower grade. This tendency to more technical grades may be criticized as increasing the difficulty of grading and sometimes delaying the movement of grain through the controversies that develop as a result of the technical points of grading. Yet, the prevention of adulteration through the inspection system is preferable to the regulation under the Pure Food and Drugs act which creates many uncertainties in the shipping of mixed grains. Moreover, to contend that competition will eliminate the misuse of the mixing privilege when the basis of competition is violated is fallacious reasoning.

² *Hearings before the Committee on Agriculture, House of Representatives, Sixty-third Congress, on H. R. 14,493, a Bill Providing for the Uniform Grading of Grain and for Other Purposes (1914), p. 60.*

Of the exaggerated criticisms of grain inspection, two are offered for consideration. The first concerns the prevalent belief that the standard of grading the receipts and the shipments at the important markets varies to the advantage of the predominant grain interests. The tendency among inspectors to give to the grain the benefit of any doubt regarding the grade does create the possibility of more liberal inspection of shipments than of receipts at the primary markets since much of the grain leaving the market has passed through the terminal elevators where it is mixed to meet the minimum requirements of the desired grade, whereas the grain arriving has not been so scientifically mixed at the country markets and thus represents a greater range of quality within a given grade. Careful analysis of the reinspections and appeals at a market whose inspection has been subjected to much criticism, however, reveals no conscious variation in the standards by the inspection department. Moreover, since this criticism of the "in" and "out" inspection at any given market invariably comes from producers and dealers who are located outside of the market and not from the dealers within the market, its origin doubtless lies in the suspicions that are aroused by the possibilities of manipulation of the standards, rather than in actual manipulations.

Another popular misconception is the belief that the price of grain bears no relation to the value of the dockage or foreign materials that it contains. Studies conducted at Minneapolis in 1916 by C. H. Bailey and the writer show that the foreign materials that are difficult to clean from wheat and which injure the baking quality of the flour depress the price of the grain in proportion as the foreign material is detrimental to the flour. Where the foreign material has a commercial value and can be readily separated from the grain, a small amount of dockage that does not pay for the cost of cleaning also depresses the price of the grain, but the grain that contains a large amount of the valuable separable foreign materials commands a premium which increases with an increase in the quantity and value of the dockage. The data obtained in this study further show that a loss is sometimes incurred on the grain with light dockage while a good profit is realized on the wheat containing heavy foreign material. Taking into consideration, however, the cost of cleaning the grain, the loss of grain during the cleaning process, and the loss due to an occasional erroneous determination of the dockage by the inspection department, it is not probable that the grain dealers have realized the large profits that are so often ascribed to the foreign material.

H. BRUCE PRICE.

Yale University.

STABILIZATION OF PRICES¹

Two main methods of price making may be noticed: cash and speculative. The cash sales are of two classes: those made by producers to consumers and those made to distributors widely scattered over the territory and hence so close to consumers as to be able to handle the goods with relatively little speculative risk. Of the first class of cash sales, we have as the best instances such as are made around every village by producers to consumers. These sales need not concern us although their prices may be anything but stable. They are unorganized. However, the parties concerned do not make much trouble and hence are left to look out for themselves.

Of the second class of cash sales one of the best instances is the California Fruit Grower's Exchange. Here we have organized cash selling to distributors who make a quick turnover. The California Fruit Grower's Exchange does not speculate, but on the basis of minute information feeds the market geographically, as it were. Chronologically it has less control over the situation. The real advantage to the producer of the California citrus marketing method is the elimination of expense between himself and the consumer in the way of middleman charges on the fruit, and in an ability to take advantage of the best market which the country as a whole affords.

It is within the speculative market that we must concern ourselves most. Of this there are two main varieties. The one is exemplified by the middleman who purchases at his own risk goods not immediately wanted by the consumer, perhaps not in the form ultimately wanted, but which the producer nevertheless wishes to sell. This is the case with cotton, grain, and meat animals. The other type of speculative sale is much more closely related to the cash sale. It is illustrated by the raisin market. The crop is produced during one season of the year. It is prepared for us by the producers, but unlike wheat and cotton it is held by the producers until the trade demands it for almost immediate consumption. Here we have the calculated price. It must not be inferred that speculative price is not a calculated price, or that a calculated price involves no speculation. The speculator is calculating to the best of his ability. The difference lies in the degree of speculation involved as contrasted with ascertainable facts and probable results. The wheat speculator has the world as his field. Crops are being harvested during every month of the year and, since speculating is a nervous business in the face of unknown contingencies, every influence likely to change either demand or supply results in a move-

¹ This paper was read at the Thirty-third Annual Meeting of the American Economic Association, held in Atlantic City, December 29, 1920.

ment which may easily carry the price illogically above or below a normal. The speculators are not of one mind and, information being of an unmeasured sort, it is not strange that the oscillations are nearly always appreciable and frequently violent. In the case of the calculated price, which thus far has obtained in goods of a fairly durable kind, and moreover goods for which the demand is distinctly elastic, it has been found possible for the producers to become strong instead of weak bargainers, and to suggest prices, which for the time may look like fixing prices. The walnut and raisin growers show perhaps as sound skill and ability as any producers' group in this respect. They are sometimes charged with an exercise of monopoly power. The usual explanation of monopoly includes the statement that it literally means "to sell alone." Do these growers enjoy that power? The limits of this paper permit no discussion of the controverted point, yet it must be admitted that their position in the selling field suggests a certain degree of loneliness, even though they are embarrassed by more company than Mr. Rockefeller is reputed to tolerate. The real question is whether or not they serve a useful purpose in the economy of society rather than whether they are or are not monopolies. They do not seem to be monopolies of a sinister or predatory nature since they open their doors to new members each year, and hence do not limit supply.

What these companies actually do is to sell, either for immediate or future delivery, commodities which in their opinions are going to be wanted at a price calculated by them on the basis of complete information concerning supply, and an estimate, based on current and past facts relating to demand. This is a price involving a degree of speculation, and the speculative risk is borne by the producers. The price thus arrived at is relatively stable. The goods are of such a character that it is possible to finance the farmer through advances obtained by loans. Risks, and other expenses, are reduced to a minimum and the producer feels, one time with another, that he is getting what his goods are worth. Under all ordinary circumstances sales will be made at different prices but this is of no importance to the individual producer since the sales are pooled.

Interesting as are those cases of calculated prices, and superior though they may be to the competitive middleman speculation with its more variable price curves, it must be admitted that the latter are more prevalent. Hence after noticing the excellent workings of the coöperative companies which do one of two things, *viz.*, either feed the market daily on a cash basis, or anticipate its needs and do the same thing by weeks or months, it must be admitted that the welfare of the great majority of the farmers hinges more critically on the speculative markets, organized in the form of cotton or grain exchanges, or cen-

tered in such cash buying on relatively short-time speculation as characterizes the purchase of meat animals for fresh meat to be sold within a few days or weeks.

It is a curious fact that when prices are rising rapidly, as they did in 1918 and 1919, no one attributes the rise to the action of speculators, although they are probably bidding high in view of chances of still higher levels. When, however, the case is reversed and prices go downward, from one end of the country to the other comes the accusation against the speculator of crooked dealing. He is charged with the whole blame of lower prices, as in the case of wheat during the last few months of 1920, and at once comes the old outcry against the "gambler," the "manipulator," or more mildly the "parasite."

Our discussion today centers on the question of stabilization, and this may pertain to stability with respect to sales within a few hours, a few days, or spreading into seasons, as from fall to spring. It has been said repeatedly that the unholy manipulators of the grain pits hold prices down while farmers are selling with the well matured and oft repeated plan of putting them up in the spring. If this is such a foregone conclusion, the remedy is obvious. Those who have wheat should hold it till spring and so get the desired price along with the speculators. In other words the cure is counter-speculation. But if this is a fair statement of the unfair situation, why does not some other professional speculator take the opposite course from that of the crowd and buy "long" with as much spirit as the "bears" manifest in selling short, thus narrowing the probable margin of gain? In other words, what reason is there to believe that the professional speculators all prefer to make their money by selling short until the very bottom price is reached, after which, in a rising market, they must buy back every bushel they have sold short and presumably enough more to net them a fortune due to the upturn. It must be left to those who have faith that it can be done to show the method of procedure. To those of a skeptical turn of mind the required formulas are wanting. To begin with, the statistics available show that the price of wheat in May is usually but four or five cents above the December price, and even should we double that amount to conform to the present high figure it would hardly look attractive to the outsider.

Future trading has been condemned by every farmers' organization of note from the Grange of 1870 to the Federation of Farm Bureaus of 1920. It is condemned by the majority of unorganized consumers without doubt. Few careful, and presumably unprejudiced, students of marketing have arrived at a like conclusion. The preponderance of evidence goes to show that organized speculation is a steadying influence in the marketing world. Nowhere else does the producer have

such full information as to the value of wheat as in the United States and Canada; nowhere else does he get as large a proportion of the price paid for grain by the miller or similar manufacturer. Even so, the market is far from perfect and the question is how to improve it by way of taking out the ups and downs, smoothing the curve. The desirability of doing so is beyond question. The difficulty is to find the means of carrying out the program.

The remedies proposed may be reduced to three main kinds. First, there is the ownership of the entire marketing machinery from producer to consumer either by voluntary coöperation or state aid as proposed by the Nonpartisan League. Second, there is the coöperative action on the part of large groups such as the United Farmers of Canada, who take the farmers' grain at a price which the market at the time seems to justify, handle it from country station to the central market, to the mill, or to a foreign port, and return to the group the pro rata returns from the transaction. This results in better prices, and in a measure, more stable prices, but does not eliminate fluctuations primarily. Pooling plays a relatively small rôle in this operation since it does not apply to the first payment for the produce, but only to subsequent additions in the form of trade dividends. The best instance of substantially the same plan is that of the California Fruit Growers' Exchange in the operation of which the ups and downs are equalized fairly well by the pooling process, extending by grades over the sales of each week to each shipper. Third, the control through virtual ownership of the produce, as in the case of the walnut and raisin growers. Here pooling may be extended at will over the season, and the marketing process be thus unified.

In the great cotton and grain markets the latter two methods are contending in the minds of reformers for the first place. Shall the market be accepted much as it is and through the elimination of expense the highest price, which skill and forethought can accomplish, be obtained, or shall a new market be created outside of and independent of the present boards of trade? With livestock the same principles apply, but with much more difficulty. If mere stability of prices over short periods is the desideratum it can no doubt be obtained by coöperative organizations of producers into strong marketing companies which shall handle the produce whether wheat, cattle, or potatoes, and by a pooling process take the kinks out of prices.

If the long seasonal swings of prices are looked upon as the main manifestation of evil, pooling will prove an inadequate weapon and a more drastic remedy must be sought. Here the feeding of the market will be required. In the case of several commodities already mentioned it can be done. It can be done without question with cheese; in fact a

great start has been made in that direction. It should apply to butter with no insuperable difficulties. How then about wheat and livestock? In the case of wheat, which would be almost infinitely easier than livestock to handle in this way, it must be admitted that the proposals up to date are not very impressive. It takes no more words to propose the unification of wheat marketing than of raisin marketing, but to put it into practice requires the coöperation of a hundred times as many farmers. The work of the organization after it is once formed will require a world knowledge, and the operation by those in charge will be subjected to a scrutiny and a comparison such as to give one pause. The first thing which interested parties would propose, no doubt, would be a cutting loose from the world market by a tariff wall. That an organization of wheat growers for the marketing of wheat could be formed with enough coherence and with sufficient size to compel attention is probably not an impossibility. It must not be forgotten, however, that there are a million and a half wheat growers in the United States and that wheat will grow on many farms not now producing it, and that it is but four months from seed time to harvest. Whether or not a group of wheat growers can sit back and wait for millers to come to their terms may well be doubted, unless, indeed, the terms are entirely reasonable as viewed by the buyers. To sit on 100,000,000 bushels of wheat and make that the controlling factor in the wheat market for the year is easily done in imagination at a farmers' meeting but the seat may not prove to be so secure in the actual market. Unless a tariff wall of sufficient height be erected to furnish very real protection, our Canadian friends will part with some of their wheat at about the going world figure and any premium demanded by the farmer company over the world market price will hardly be collectable.

To eliminate the difficulties of instability of prices it would seem that a farmers' company big enough to be able to employ the best of marketing experts with information pertaining to the field of its operations, able and ready to take advantage of the existing market facilities, to sell wheat, for example, in American or European ports; to deal with millers or speculators or order buyers, as our big grain firms now deal; to be able to store grain for those who want to take a chance on future markets, advancing money borrowed on the strength of warehouse receipts to the grower speculator; commanding the situation as a dealer in wheat; pooling sales; and returning to the grower the price received minus expenses—such a company could act as a stabilizing force and incidentally get all that the market, a competitive market, will afford for its clients.

It should be remembered that the supply of agricultural produce

must of necessity be projected in advance, a matter of months or years. It cannot be put up and down from week to week by employing more men and capital, as is the case with coal. Few problems present greater difficulties. Even so, a widespread network of coöperative companies with unified intelligence can no doubt, when necessity compels it, feed produce, cotton, grain, and livestock into a market somewhat in proportion to demand—a demand about which the main facts are known.

This is what is being done, in part, in the city milk markets. The producers are taking care of the surplus and pooling the sales. By this means surpluses are bound to be reduced, since every monthly statement to the producers is testimony on the wisdom of producing for a market according to its demands.

It may be playing an inferior rôle to suggest that we had best make haste somewhat slowly in the matter of stabilization of prices, but it would seem the part of wisdom and safety to use the machine we have, even in spite of some defects, rather than to scrap it before its successor has reached the blue-print stage.

Pooling has worked admirably in the sale of such unlike products as wool and cheese; and, although it will not be an easy matter to apply the principle to cotton, grain, and livestock, who shall say it cannot be done. Certain prophetic utterances concerning aerial navigation following the experiments of Darius Green contributed to the amusements of the period, but did not deter the Wright brothers. It would be just as logical to complain about the erratic rising and falling of a gauge in a tank into which unknown and unanticipated quantities of liquid were being promiscuously poured, blaming the gauge for not keeping at the same level, as to complain about the middlemen on the score of unsteady prices. We keep them all guessing. It is time for the producers to begin to regulate the supply flow for the season before complaining further about instability of prices. The world has outgrown the conditions under which unscientific, blind competition among producers can bring prosperity to themselves, or to the larger public. Unregulated competition with its psychological tendencies to extreme action and reaction requires a balance wheel of regulation. Supply and demand will still operate, but they must be made to operate according to rule instead of as outlaws.

B. H. HUBBARD.

University of Wisconsin.

THE COLLECTIVE LABOR CONTRACT

The practice of precision in the use of terminology, always a virtue, is positively a necessity in the discussion of so controversial a subject as the labor problem. The phrase "collective labor contract" designates the subject of this paper as precisely, within the limits of established usage, as our language permits. Did it not come so perilously near being a barbarism, the longer phrase "collective labor-products contract" might be employed, as it would describe the subject of discourse quite accurately. Were this paper written in French or in German, the accurate terms would be *contrat collectif d'ouvrage* or *Gruppen-Werkvertrag* respectively. To these terms would correspond the English phrase "collective job contract." For the present at least this would probably be misunderstood; although in France the phrase *contrat d'ouvrage* and in Germany the word *Werkvertrag* are well established, both in common speech and in the precise language of the statutes.

If precise terminology is one of the great needs of today in the discussion of industrial relations, an even greater need exists for the proper orientation of thought and practice with respect to the problem. However accelerated its progress may be, industry will reach its ultimate status by next steps and not by leaps and bounds. On the other hand, those who would wisely guide its next steps should orient themselves by what is ultimately possible. That alone is ordered progress toward a goal; all else is drifting. In the taking of such orientation, only two methods are logically possible: the control will be either the outer control of matter of fact; or it will be the inner control of thought. Starting from the present situation in industrial relations—to those most immediately concerned in it admittedly somewhat of a quandary—we may, pursuing the method of trial and error, take a step in this direction or that and then inquire whether it has so altered the situation for us as to leave it more satisfying. Or we may proceed from some project of industrial relations that squares with the logic of thought or is kin to the heart's desire, and endeavor to find some way of approach to it from actuality.

The latter of these two procedures would certainly be an undertaking of "reconstruction" and as such would probably be fought as radicalism or "sovietism," since it seems to be taken for granted that, whatever some European countries may have to undergo by way of reconstruction, in this country there is to be at most "readjustment." Even a "next step," though in itself both reasonable and beneficial, if it should be felt that, with possible further steps, it might fall upon a road leading to a changed order of society, is likely to be halted. The

fate which, as a temporary adversity at least, has overtaken the system of joint control of industry in the Boston and New York clothing trade markets may serve as an example of both forms of resistance.

Choosing the other course for its orientation, the discussion of industrial relations has been rapidly descending during the later months of 1920, to the plane of immediate demands. Almost the only one who, so far, has undertaken to survey the situation with an eye of greater vision has been Mr. Herbert Hoover, notably in his presidential address before the American Engineering Council of the Federated Engineering Societies, in Washington, November 19, 1920. Accepting the development of great voluntary associations to represent economic groups as an accomplished fact of industrial and social evolution, he insists that these economic groups can be brought to live in peace, without compulsory arbitration or other forms of coercion and repression. Going still further, he declares that "these organizations, if our society is to go forward instead of backward, should be considered as the fortunate development of influential groups through which skill and mutual consideration can be assembled for coöperation in the solution of these questions" which, in the prevalence of waste and in the necessity for a positive increase of production, are now so urgently pressing. By this reasoning, he is brought to a conception of collective bargaining that comprehends a great deal more than the determination of wages, hours of labor, and working conditions, a conception that is in essential accord with the thought of the best minds everywhere in the western industrial world.

To realize the potentialities of this conception, Mr. Hoover proposes, as a working program, the adoption of the recommendations of the Second Industrial Conference called by the President. This program is predicated on the basis of the assumption that collective bargaining had been "agreed upon in principle by all sections of the community." Unfortunately, this assumption is hardly justified by the facts; for the employers' group at the First Industrial Conference not only did not accept collective bargaining in principle but expressly denied that there exists a "right to bargain collectively." Members of the group individually and the group as a whole did, to be sure, assert that the employers denied neither "the right to organize" nor the "right to bargain collectively"; but they added the significant reservation, "as we understand collective bargaining." The sense of that understanding of collective bargaining was interpreted by Mr. Frederick P. Fish, as leader of the group, when he drew a distinction between the two rights in question—a distinction which throughout the discussion of the subject of collective bargaining dominated the position taken by the employers' group. The distinction drawn was substantially this: The

right to associate, the right to organize, is a statutory right; the right to bargain collectively is not a statutory right, merely a contractual right, established only by agreement with the employers.¹

The consequences of this position are easy enough to see. Being only a contractual right, dependent upon the meeting of wills, the wage-earners' "right to bargain collectively" is limited by the employer's right to freedom of contract, is subject to his willingness to deal with wage-earners collectively. The likelihood of the universal application of collective bargaining is, therefore, slight. In fact, the employers' group at the First Industrial Conference insisted (and employers that support the open shop movement of today, described as a movement for "the American plan of employment relations," similarly insist) that collective bargaining is not necessary in most industrial establishments. As they argued, approximately 98 per cent of the manufacturing establishments of this country employ less than 250 men, and 95 per cent less than 100 men. In such plants, they said, "there would be the opportunity for personal contact, contact between man and man, which would lead the workman and employer to understand each other's needs and the way in which things should be organized and related in order to get the best results."² Mr. L. F. Loree, another member of the employers' group, even went so far as to say that "personal contact was easily maintained in an establishment under 1000."³ The group agreed, however, that under modern conditions and with establishments beyond a certain size, such personal contact is impossible and declared itself ready to recommend the shop committee plan of employees' representation to the employers of the country as "a most promising plan for improving employment relations."⁴ On the other hand, it would not permit the introduction of any phraseology into any resolution which, if adopted by the conference, might possibly be understood as being a recommendation, by the conference, of collective bargaining with trade and labor unions. Of course, it was conceded that "the employer has a perfect right to agree with his workmen that they shall be represented by anyone, and under those conditions to meet any representatives that they may choose."⁵ That concession, however, is no more than an obvious corollary to the major contention, namely, that the right of collective bargaining is a contractual and not a statutory right.

In stating the grounds upon which it would recommend the shop

¹ See page 161 of the Proceedings of the Conference.

² Mr. Fish, *ibid.*, p. 137.

³ *Ibid.*, p. 196.

⁴ *Ibid.*, p. 245.

⁵ Mr. Fish, *ibid.*, p. 185.

committee type of collective bargaining to employers, the employers' group also gave an interpretation of its understanding of the function and the purpose of collective bargaining, where, "by agreement with the employer," it might be instituted. In the words of its long statement:⁶

The entire spirit of the shop-council plan which the employers' group believes should be fostered and promoted resides in the principle that the employers and employees of an individual establishment should meet to settle their employment relations as nearly as possible on the basis that formerly prevailed when establishments were small and the employees and employer knew each other so intimately that they could negotiate and discuss employment relations face to face.

Mr. John D. Rockefeller, Jr., also held that the best way to the improvement of industrial relations lay in "the resumption of personal relationship between employer and employee or the nearest possible approach thereto," and contended that "some form of representation in industry is essential in order to make personal relations possible under modern industrial conditions."⁷ Mr. Frederick P. Fish, in his address on "Industrial unrest and the remedy" before the 1919 annual meeting of the American Society of Mechanical Engineers, again emphasized the same understanding of the function and the purpose of employees' representation. The Second Industrial Conference, in the first paragraph of the fourth section of its report, expounded a similar conception, declaring: "While the relations between employers and employees are primarily a human problem, the relationship in its legal aspects is one of contract." Finally, the same philosophy was written into the national platform of the Republican party:

We recognize the justice of collective bargaining as a means of promoting good will, establishing closer and more harmonious relations between employer and employees and realizing the true end of industrial justice.

Perhaps it may serve a useful purpose to remind these business men moralists of a characteristic and forceful passage that occurs in William Graham Sumner's essay on *Strikes and Industrial Organization*:

Turning to the moral relation of the subject, we are constantly exhorted to do something to improve relations of employer and employee. I submit that the relation in life which has the least bad feeling or personal bitterness in it is the pure business relation, the relation of contract, because it is a relation of bargain and consent and equivalence. Where is there so much dissension and bitterness as in family matters, where people try to act by sentiment and affection? The way to improve the relation of employer and employee is not to get sentiment into it, but to get sentiment out of it.

⁶ Proceedings, p. 243.

⁷ *Ibid.*, p. 68.

Indeed, so long as those who occupy commanding positions in our industrial society persist in their sentimentalism, reading sentiment into a relationship which, in the very next breath they declare to be a contractual relationship, "a relation of bargain and consent and equivalence," there is little prospect of any improvement in the relations between employers and employed. An obstacle of no less magnitude is the seeming unreadiness of our industrial leaders to see straight the facts of industrial evolution. Regretfully, they look back to the period when all shops were small and tell us that if only the managers of present-day large shops would conduct their establishments as the owners of small shops conducted theirs, and still do conduct them, all the ills and troubles attendant upon the growth of the former would be remedied. If only grown men could be boys again!

Concerning the relation between employers and employed in its legal aspects, and concerning the relation of these aspects to the dominant facts of industrial evolution, these same men offer us an interpretation that is both unhistorical and doctrinaire. For not only do they read the contractual relation between employers and employed in the terms of their eighteenth century politico-legal ideology, they also subsume the facts of industrial history under the concepts of that doctrine.

What we need, therefore, is to do what Sumner urged—to exorcise sentimentalism. That for one thing. For the other thing, we need a realistic acceptance of the facts of industrial history as they actually happened instead of a pragmatic construction of the record to suit the exigencies of contemporary battles of conflicting interests.

Where will such realism lead us? As to a point of departure, back to Adam Smith and to the manner of his approach to the problems of industrial society in the famous first chapter of the *Wealth of Nations*. So far at least, one must agree with Professor Walton H. Hamilton's call⁸ "back to Adam Smith." On the other hand, we cannot accept today the conclusions drawn by some of Smith's followers and we must see clearly that certain inadequacies in Smith's introductory chapter on the division of labor have, in fact, become the foundation of subsequent misreading of industrial history and industrial organization.⁹

⁸ "Since Smith, economics has wandered far from the division of labor as a point of departure. This is but saying that it has at least partially lost sight of its essential problem of explaining the organization of industrial society, or of describing 'the economic order.' Yet, because of machine technique, the division of labor has become more important than it was in Smith's time." "The Place of Value Theory in Economics," *Journ. Pol. Econ.*, vol. 26 (Mar., 1918), p. 231, n. 1.

⁹ The most obvious phenomenon in the entire structure of the economic acquisitive community is the division of labor. The fact of the division of labor is more obvious than the fact of the acquisitive community itself, and therefore was observed

In following the call "back to Adam Smith," we must, therefore, take full account of the criticism of Smith's account of the division of labor which was initiated by Wakefield, who, in his edition of the *Wealth of Nations*, "reduced the division of labor or separation of employments to its proper place as only a part of the coöperation which increases the productiveness of labor,"¹⁰ when he wrote:¹¹

All writers on political economy from Adam Smith downwards, while treating of the "causes of improvements in the productive powers of labor," have overlooked a principle of first-rate importance. This principle is, that all improvements in the productive powers of labor, including division of employments, depend upon coöperation.

How far must we go in the consideration given to coöperation as an economic principle? Shall we go only as far as Bücher does in his lecture on *Arbeitsvereinigung und Arbeitsgemeinschaft*?¹²

Without doubt the real reason for the formation of the concept of the union of labor and for its long retention in the literature of the science is the vague feeling that there must be an *economic* principle forming the counterpart of division of labor. Coöperation it cannot be, for that is identical with certain forms of division of labor, its "other side." What then is this principle?

Bücher answers his own question in a way that leaves practically the whole field of modern industrial society to be governed by the principle of the division of labor, though he himself, in a lecture written before the one quoted above, but retained unaltered in the latest edition of his series of lectures, had criticized other economists¹³ for explaining our industrial society almost wholly by that single principle. Or shall we follow the analysis Wakefield has given us, perhaps carrying it somewhat beyond the point where he has left it?

before the latter; it was not until later that it was recognized that the division of labor which had been noted was only the expression of a great coöperative community of all those who share in the labor. The division of labor fell in particularly well with the trend of thought of the classical masters, for it adapted itself to their theory of labor and to their individualistic conceptions, both of which put the individual working person into the foreground of the theoretical inquiry. Adam Smith, from his point of view, could not open his work on the *Wealth of Nations* more fittingly than with reflections upon the extraordinary effects of the division of labor, of which he says that it, more than any other cause, had contributed to improvements in the productive powers of labor. Friedrich von Wieser. In his *Theorie der Gesellschaftlichen Wirtschaft*, Erstes Buch. A III, p. 342 f. Bd. I, *Handbuch der Sozialökonomik* (1914).

¹⁰ Edwin Cannan, *Theories of Production and Distribution*, p. 50.

¹¹ In his note to the first chapter of the *Wealth of Nations*, p. 26.

¹² In his *Entstehung der Volkswirtschaft: Vorträge und Aufsätze*, Erste Sammlung, 12 u. 13. Aufl., p. 269 (1919). English translation by S. Morley Wickett, p. 250.

¹³ *Ibid.*, p. 324.

There is, I believe, a fundamental difference between Bücher's analysis and Wakefield's analysis.¹⁴ This difference does not result, chiefly, from the greater comprehensiveness of Bücher's treatment; it consists, rather, in a difference of point of view. Bücher's emphasis is largely upon the distinction of stages in the evolution of economic life, a scientific problem in which Professor Bücher is much interested. Adam Smith was similarly interested, and one of the reasons for his interest was the practical intent of bringing about a change in the economic life of his own time and country. But the dominant point of view in the famous first chapter of the *Wealth of Nations* is the point of view of what we should today describe as "job analysis." That too is the point of view that dominates the first part of Wakefield's note, and there is in his correction of Smith's job analysis much that is valid not only as against Smith but even more so as against Bücher.

Wakefield, first of all, makes the point that the term "division of labor" has commonly been used—as it was used by Adam Smith—"as a most improper term." Throughout the text of his edition of the *Wealth of Nations* he, therefore, inserted the word "employments," in brackets, after the word "labor," contending that what is divided is not "the muscular exertion" expended in "the operation, work, or business which is performed by labor" but this "operation, work, or business" itself. Adam Smith, he declares, had confounded division of labor with division of employments. Recalling that Smith had said that "the woollen coat, for example . . . is the produce of the *joint labor* of a great multitude of workmen," he remarks: "here, then, labor is said to be united, as in fact it is whenever employments are divided"; and he adds: "Division of employments, with all its great results, depends altogether on combination of labor, or coöperation." Bücher, on the other hand, says that *die Kooperation* is "identical" with "certain forms of the division of labor"; for instance, as he adds in a footnote, with what he calls "division of production" (*Produktions-teilung*) and "subdivision of labor" (*Arbeitszerlegung*), but not with division of employments.

Further analyzing this principle upon which so much depends, Wakefield finds that:

Coöperation appears to be of two kinds: first, such coöperation as takes place when several persons help each other in the same employment; second, such coöperation as takes place when several persons help each other in different employments. These may be termed simple coöperation, and complex coöperation. It will be seen presently that until men help each

¹⁴ Bücher does not mention Wakefield's note. He refers, however, to a distinction made by French writers (he instances Cauwès) between "simple coöperation" and "complex coöperation," a distinction that appears in Wakefield's note.

other in simple operation, they cannot help each other in operations which consist of several parts.

As examples, of simple coöperation, Wakefield then names a number of operations, not all equally simple, of which we may mention the simplest, such as several persons helping each other in lifting heavy weights, felling trees, pulling ropes on board ship, or rowing large boats. In Bücher's classification, this is represented by the subdivision *Arbeitshäufung* (still further subdivided) under *Arbeitsgemeinschaft*, which takes place when, in the quantitative disproportion between the work to be done and the labor power of the individual, the task is greater than a single man can accomplish. This simple coöperation, Wakefield says, "is the first step in social betterment"; and he continues:

What is true of two bodies of men applies to any number of bodies, however great the difference in their occupations; and thus we perceive that the division of employments, the power of exchanging, and the possession of capital are all dependent on the combination of labor in simple operations.

Such combination of labor in simple operations having been learned, men become able to help each other in "operations which consist of several parts." The division of employments depends upon coöperation. Its first stage is the division of production; the second stage is what Bücher calls "subdivision of labor" (*Arbeitszerlegung*), what Wakefield would describe as the division of an operation into several parts. When one person undertakes to do one part and another performs the other, we have "complex coöperation," "however great the difference of their occupations." We arrive at what Bücher describes as "specialization or division of trades."

Before proceeding to the practical conclusions which may be drawn from this principle of coöperation, it seems right to Wakefield to note an important distinction between simple and complex coöperation. Of the former, one is always conscious at the time of practicing it; it is obvious to the most ignorant and vulgar eye. Of the latter, but a very few of the first minds who practice it are in any degree conscious. The cause of this distinction is easily seen. When several men are employed in lifting the same weight, or pulling the same rope, at the same time, and in the same place, there can be no sort of doubt that they coöperate with each other; the fact is impressed on the mind by the mere sense of sight; but when several men, or bodies of men, are employed at different times and places, and in different pursuits, their coöperation with each other, though it may be quite as certain, is not so readily perceived as in the other case; in order to perceive it, a complex operation of the mind is required. And here, perhaps, we may discover the occasion of Adam Smith's error in confounding division of labor with division of employments, which are really incompatible with one another.

Beyond this point Wakefield has not carried his job analysis, for

he then proceeded to the "practical conclusions" that he wished to draw; and these practical conclusions lean upon that larger economic organization with which he, no less than Adam Smith (and, after all, Bücher too), was primarily concerned. Smith was not primarily interested in job analysis, though the first chapter of his work is a fine example of it; he was interested primarily in *political* economy, in the wealth of nations.

And for Bücher, the division of employments that he sees beginning in the Middle Ages, and the displacement of labor (*Arbeitsverschiebung*) by mechanical inventions that began in the seventeenth century, predominate in modern industrial society. What Wakefield described as a form of "simple coöperation" he describes as *Arbeitsgemeinschaft*, of which he distinguishes three main classes: (1) social labor (*Gesellschaftsarbeit; gesellige Arbeit*); (2) labor aggregation (*Arbeitshäufung*); (3) joint labor (*Arbeitsverbindung*), i.e., work in squads, gangs, sets. All these, he finds, "play their chief rôle during primitive stages of development and in the lower strata of a developed economic community." So there is little room, in Bücher's system, for *die Kooperation*; and it is not surprising that he reduces it to identity with "certain forms of the division of labor," and these, so far as he specifies, the more primitive forms of the latter. The explanation is, of course, easy to see: the ensemble effect in the operations of productive labor which, in the early stages of industrial development, is produced by direct coöperation of the laborers, in the later stages of development is a *superinduced effect*, brought about through the entrepreneur. That is to say, in their preoccupation with the functions of the entrepreneur, many economists seem to see only the most complex phases of what Wakefield described as "complex coöperation." Consequently job analysis—toward which Adam Smith had made such a splendid beginning, incidentally perhaps—has suffered neglect. Of late, thanks to the attention which scientific management is gradually beginning to receive from some economists, there promises to be a return to Adam Smith's point of departure. The contribution by Gottl. von Ottilienfeld to the *Handbuch der Sozialökonomik*¹⁵ is so far, perhaps, the most striking example of that movement in a work on economics. On the other hand, when Professor Henry Clay, whose book, after a methodological introduction, opens with a chapter on division of labor, says that "the latest economy in business organization, the so-called scientific management, is a conscious application of" division of labor, he is only half right. The scientific managers, to be sure, speak of "functional foremanship" and Frederick W. Taylor distinguished between

¹⁵ *Wirtschaft und Technik*, Erstes Buch, B and v.

"planning" and "execution." On the other hand, under the system of planning, scheduling, and routing production in a modern shop under scientific management, every step in the process of production must be closely adjusted to every other. There must be coördination, and that coördination is not purely an ordering *ab extra*, in which the worker is wholly passive. We have it on the word of Taylor himself, that the effect and aim of scientific management, however minute the subdivision of operations it may entail, is not to eliminate all brain work on the part of the workmen. Quite the contrary. The coördination called for is, in other words, coöperation, which is wholly a mental function.

The time will come—and there are indications that we are rapidly approaching it—when production engineers will see quite clearly that the division of labor or separation of employments is only "a part of the coöperation which increases the productiveness of labor." When they do, we shall have a survey of employments for the purpose of noting the various ways in which coöperation of different degrees of simplicity or complexity is exemplified therein. Then, knowing the natural organization of work, we shall provide, as the economic correlate of its technological organization, the proper form of remuneration for productive labor.

If, then, coöperation is the more basic fact in industrial organization, on its technological side, the division of labor and the separation of employments depending upon it, one would think that consequently the economic organization of industry—which includes the remuneration of productive labor—would likewise be primarily determined by the fact of coöperation and only secondarily by division of labor and separation of employments. Historically this has not been the case except in a limited way. And today, when every one that will can see that since 1880 or thereabouts we have been passing through another industrial revolution which is bringing about ever greater integration in our industrial organization, we are asked to consent to a still greater separation of the method of remunerating productive workers from the rightfully controlling facts of the natural organization of their work.

In the remuneration of productive laborers that "help each other in the same employment," involving only "simple coöperation, we have not only made little progress toward rational methods, but on the contrary we have positively retrogressed. It is in this field that Thomas Brassey, in his day, set an example which today seems almost forgotten. His biographers, Sir Arthur Helps¹⁶ and H. H. Page,¹⁷

¹⁶ Sir Arthur Helps, *Thomas Brassey* (1873).

¹⁷ H. H. Page, "Thomas Brassey; the Organizer of Labour," in his *Golden Lives* (2d edition 1873).

both relate that the great English contractor early saw the necessity of developing, for his great operations, the system of sub-letting parts of the work to sub-contractors. On the other hand, "in every way he would promote the 'butty-gang' system—by means of which a certain piece of work was let out to some ten or fifteen men, among whom the proceeds were divided equally, with something extra for the head man in charge."¹⁸ This butty-gang system as it was operated under Brassey, was, of course, not the same as the system that is known by that name and still practiced in some British coal mines; for that is simply a system of sub-contracting, like the contract system that seems to be favored by some coal mine operators in this country.¹⁹

What Brassey favored was rather more like the collective contract system used by the Italian *bracchianti* and other laborers organized in *Società di Lavoro* under the permissive statute of 1889. The same system of organizing work and organizing the distribution of the social income from productive labor has been employed in occupations where the coöperation is of the nature of "complex coöperation." Wherever, in fact, men have worked in gangs, squads, or sets, there has been a tendency for them to seek their remuneration in groups. That tendency has been greatest, naturally, where it is difficult, if not impossible, to determine accurately the specific contribution of each individual worker to the product. Where the pay of such gangs or squads takes the form of payment by results, the work may be described as "job piece-work"; the pay becomes a group piece-rate. The contract of employment of each member of the gang may be based upon individual bargaining; or its terms may be stipulated in a trade agreement and fixed in the individual contract accordingly; or each gang or squad may hire out as a contracting fellowship. Howsoever the management may apportion the total pay of the gang, its members can and do exercise considerable free control over the actual apportionment and have been known to pool their wages and to make a redistribution according to an agreed schedule of their own. Even in this country, among riveting gangs in the shipyards, the riveter and the holder-on, though not paid equally on the company's books, may divide their joint quota of the total weekly earnings of the gang on a fifty-fifty basis. This goes to show that, however "individual" the contract may be for the employer, the workmen, knowing the coöperative nature of their work, are likely to look upon themselves as a contracting fellowship.

Where the operation consists of several parts which are so far sep-

¹⁸ H. H. Page, *op. cit.*, p. 143.

¹⁹ See *Coal Age*, several letters reporting active efforts, during the latter half of last year.

arable that a separation of employment takes place, the situation is somewhat different. Whether the workers are paid by time or by result, their employers emphasize that each of them is hired under an individual contract of employment. The workers are less conscious of being engaged in a joint labor than would be the case if their coöperation were more direct and "simple." Consequently, where they take any common action, this action is likely to stop at "collective bargaining," whereas gangs and squads of men have always tended to act in greater unison, that is as contract fellowships. Now the difference between a "collective bargain" and a "collective labor contract," in law as well as in practice, is that the former merely *stipulates* the terms of individual contracts—as many contracts as there are workers in any way affected by the bargain; while the collective labor contract *is itself a contract*, namely one contract for all the workers coöperating. The collective labor contract, in other words, is the economic correlate of the organization of work, technically, as coöperative. With the work of the world's industries becoming more and more coöperative, scientific management consciously bringing about more and more coördination, is it not surprising that there are relatively so few collective labor contracts?

The answer is easy enough. What has determined the manner of remunerating workers for their labor has not been the organization of their work but—*horribile dictum!*—what Rodbertus called "social categories" and Karl Marx "historical categories."

However, the facts are forcing some recognition. Even under a system of individual contracts of employment a "group bonus" has been found an advantage,²⁰ and such bonus is nothing less than a distinct remuneration for that portion of his specific productivity imputable to each man on the score of his "coöperation." Many other "efficiency bonuses," while not explicitly denominated "group bonus" systems, in reality depend upon "coöperation"; and coöperation, by definition, is operation in a group.

Further progress in this direction will depend upon overcoming that

²⁰ Mr. J. D. Town, writing of an experience in the foundry of the Electric Steel Company, Chicago, says of a crane crew, which had been offered a group bonus: "They understood that if any one man in the crew was cause of a penalty being given, not only this man, but the other five, must stand the loss of bonus, and on this account the crew who previously would not coöperate, met privately and agreed that any man whom the other five thought was not giving his best service, would be told about it and if no improvement was shown, the management would be asked to dismiss him. This agreement was bound by general hand-shaking and from that time on the crew could never be accused of lacking coöperation." "Common Labor Responds to Incentives: Satisfactory Results of Introducing a Bonus System in a Foundry," *Industrial Management*, vol. 60 (Dec., 1920), p. 424.

"dislike of exactness" which, Herbert Spencer said, long stood as an obstacle to the full passage from a system of status to a system of contract. Spencer, who has been much chided for what he has said of "free labor and contract," did not, I think, make enough of this point. For him the distinctive mark of unfree labor is that its status is defined upon a basis of "coerced labor and assigned sustenance." He saw clearly enough that "a wage-earner, while he voluntarily agrees to give so much work for so much pay, does not, during performance of his work, act in a purely voluntary way"; and he pointed out that absence of purely voluntary action is due to the consciousness, on the part of the worker, of being under the supervision of an overlooker. In advocating, for this and other reasons, a collective labor contract, Herbert Spencer emphasized that under such arrangement the worker's activity "becomes entirely voluntary." Now, important as it is that the worker's activity be voluntary, it is vastly more important to see that it is not and cannot be "purely voluntary" *because of the quantitative indeterminateness of the task which the worker undertakes* when he agrees, however voluntarily or involuntarily, "to give so much work for so much pay." Under the free-labor-and-wage system, the time-wage a worker receives is a determinate quantity; the task which he must perform is an indeterminate quantity, becoming determinate only as the work proceeds. It is this indeterminateness of his task which is the cause of the "servant's" status as servant in the master-and-servant relationship. In law what makes him a servant is the fact that, in the method of doing the work to which he is assigned, he is subject to the order of his employer; a worker who is not so subject to the employer's order and responsible only for the result of his effort, subject to inspection and acceptance by the purchaser of the product of that effort, is not a servant but an independent contractor. Many classes of workers have, by opinion of the courts, been declared to be such independent contractors. But the court does not go behind the fact of the worker's independence of the employer's order to the economic fact that, as such independent contractor, he undertakes a quantitatively determinate task for a definite sum of money. It is this economic fact that makes the employer willing to vacate his control over the worker's method of accomplishing his task. He does not desire supervision; inspection of the product delivered is all he requires and all he retains. Inspection, however, is sufficient only because the agreement between him and the worker covers a determinate "quid" for a determinate "quod." To put it briefly, I would amend Herbert Spencer's reasoning, and, instead of saying that any "dislike of exactness" prevents the ready acceptance of contractual relations, would say that the knowledge—or the fear—of the non-existence of exactness

is the real obstacle. The ordinary labor contract, in fact, is nothing but a pseudo-contract—whatever the courts may hold—where it is based upon the worker's "time" or effort, on the one hand, and a fixed time-wage on the other, the reason being the inexactness inseparable from the worker's "time" or effort as a consideration. Moreover, all the time-study men together may work from now till doomsday and yet they will never achieve exactness sufficient to make a worker's "time" a proper basis for a contractual relationship.

It has been pointed out that wherever a piece rate is introduced the workers show an inclination to demand that they be paid as a group if they clearly recognize the jointness of their labor. What is the explanation? The answer may be put as follows: contract depends or should depend upon exactness in the specification of the terms of exchange. But there is a limit to exactness; for there are intangible things in this world, and one of these is "coöperation." By contract, we may bind ourselves to give an exact quantity of one thing in exchange for another; out of this exactness of equivalent exchange results the obligation under a contract. But a contract can never cover intangible values; with such values we part only upon the basis, not of contract, but of loyalty. And right here is where the ways of social theory part. At the end of the road of one course lies contractual relationship. At the end of the road of the other course lies—not "status" but coöperation. The one results in an obligation; that obligation is terminated only by performance. The other results in an agreement of a different sort, an agreement that outlasts any given performance. The performances done under it are "common acts in collaboration"²¹ (*Gesamtakte*, a German word Léon Duguit borrows to define his own meaning). The values with which the group that acts in collaboration is concerned are that fringe of intangible, but real, values that surrounds the definable body of every act. The definable body of an act to be performed can become the subject of contract; the rendering of intangible values remains subject to loyalty²² and the

²¹ Léon Duguit, in his *Le Droit Social, le Droit Individuel et l'Etat*, second edition, Paris, 1911, translated into English by Frida and Harold Laski under the title *Law in the Modern State*, 1920. See there page 113. Also Léon Duguit, "Collective Acts as Distinguished from Contracts," *Yale Law Journal*, vol. 27 (April, 1918), 753-68. Also, for historical treatment, Dr. W. Silberschmidt, "Gewerkschaft, Gesellschaft, Juristische Person" in *Archiv für Rechts- und Wirtschaftsphilosophie*, vol. XI, no. 4, and vol. XII, nos. 1 and 2 (July, 1918-Jan., 1919).

²² On the historical relation between a relationship based on loyalty and the labor contract in Germanic law see Otto von Gierke's contribution to the *Festschrift für Heinrich Brunner* (1914) on "Die Wurzeln des Dienstvertrags." Also Roscoe Pound, "A Feudal Principle in Modern Law," *International Journal of Ethics*, vol. 25 (Oct., 1914), p. 1-28.

whole record of human history is proof that free groups—be they small groups of only two persons, as in the monogamous family, or groups of many members, such as a collective contract fellowship would be—are bound to be—set up to become the beneficiaries as well as the guardians of that loyalty and of the intangible values rendered.

It will easily be seen, now, where mere “collective bargaining” differs from the action of the members within the collaborating fellowship. Collective bargaining seeks no more than to stipulate the terms of individual contracts of employment with respect to the exchange of what shall be regarded as fair equivalents. Fair equivalence under a time wage may be achieved, but to say that it can be determined by contract is an absurdity. This is the real explanation of the failure of collective bargaining to find universal application. Pass from time-wage to payment by results and apply collective bargaining with respect to the terms of the bargain, and you have set your foot upon the road that leads to collective contract. The intangible value of co-operation remains, and it is not subject to contract and will be rendered only to a *fellowship*. We may contract with an alien; we give our loyalty only to our own, our fellows. But—and that is the point for employers to see—the contracting group, which can command the loyalty of its fellows, can afford to give better value *when it makes a contract* than the equivalent of what would be the sum of all the values given by its members, severally, were they to make individual contracts in severalty. It can afford to give better value because it can put into play, can release because it can hold, the loyalties of men. It can afford to give better value because it can tap the “vital reserves” of men so well described by William James in his address on *The Energies of Men*.

THEODORE M. AVE-LALLEMANT.

New York City.

THE INDUSTRIAL SITUATION IN GREAT BRITAIN: FROM THE ARMISTICE TO THE BEGINNING OF 1921

The world war demanded of Great Britain every ounce of economic and military force she possessed. Since its close in November, 1918, the government has had to grapple with an uninterrupted succession of political difficulties; one of which, at least, Ireland, has been of the most serious nature. Her post-war industrial problem has not been the simple one of converting productive equipment from production for war consumption to production for peace. A great army had to be re-absorbed into industrial life. Without breathing time, many of her important industries have been forced to recognize and attempt to satisfy the clearly formulated demand of the organized workers for a new industrial status and new powers of control. There have been at least three serious strikes, one on the railways, one in the coal mines, one in the steel industry.

The major industries, always export industries, have been producing for sale in a world a large part of which is economically disrupted and struggling. Certain sources of raw material have been practically closed, as in the case of Russia. Some of the most profitable pre-war markets, badly as they needed the products of British industry, have not been able to purchase these products, as in the case of Germany. The wide price fluctuation—in part, the result of the breakdown of European monetary systems—has made trade unusually hazardous; the wide fluctuation of the foreign exchanges is another cause of uncertainty and risk. These are but some of the difficulties British industry and the British exchequer have been compelled to reckon with since the end of the war. The present situation is compounded of them.

Production since the armistice.

The best approach to a general study of the British industrial position since the armistice is through a study of the figures of production as compared with pre-war production.

We may first turn to agriculture to see whether the war with its emphasis on national self-sufficiency has led to any permanent change in the agricultural position.

It is plain that there has been no radical change. Under the guaranteed price there was some extension of wheat acreage. This has fallen since 1918 and will, it is likely, be no greater than the pre-war acreage by 1922. British economic and political policy will continue to be built around the facts of food importation.

BRITISH PRODUCTION AND IMPORTS OF BREADSTUFFS
(thousands of hundredweights)

Year	Production	Imports	Total
1913.....	22,000	122,000	144,000
1914.....	25,726	113,980	139,706
1915.....	27,769	89,150	116,919
1916.....	31,626	109,967	141,593
1917.....	19,948	105,775	125,723
1918.....	20,947	80,910	101,857
1919.....	27,021	88,948	115,969
1920.....	21,000	116,000	137,000

Coal.

It is a commonplace of economic history that the coal supply of Great Britain has been the cornerstone of British industry. The coal mines not only supply the power for her industries and fuel for her navy, but coal is also an exceedingly valuable export cargo. Therefore figures of coal production are of the utmost interest.

PRODUCTION AND EXPORTS OF COAL
(millions of tons)

Year	Production	Foreign bunkers	Exports	Retained
(average)				
1909-1913..	287	21	73	193
1914.....	266	19	59	188
1915.....	253	14	43	196
1916.....	256	13	38	205
1917.....	248	10	35	203
1918.....	228	9	32	187
1919.....	230	12	35	182
1920.....	229 ¹	14	25	190

¹ Calculation of loss entailed by coal strike 14 million tons.

Production during the first ten weeks of this year was not higher than the 1920 level. It has fallen off greatly since before the war. This is more strikingly shown by the figures of individual output.

AVERAGE OUTPUT PER MAN

Year	Tons
1894-1898	286
1909-1913	257
1918	208
1919	193
1920	185

The causes of this decrease in output are controversial. As compared with much earlier figures, it must be attributed in no small measure to the exhaustion of the more easily worked veins and of those nearer the surface. Depreciation of coal mine equipment, especially

since 1914, and the run-down condition of the coal transport equipment are important factors also. Some part of it may be attributed to the reduction of the working day in 1912 and again in 1919. During the last few years the temper of the miners has, no doubt, played a most important part. The great majority of them desire some form of nationalization. They desire to reduce present mine profits as much as possible. On the other hand, the miners claim that the operators are deliberately curtailing production to maintain prices. Until some agreement is reached between the coal miners and the government as to policy, which will satisfy the miners that increased production will not mean increased profits, the outlook for production greater than at present will remain bad. Among future possibilities that of another strike is far from inconceivable. It will be noticed that the reduction in total production has been accompanied by a more than proportionate reduction of exports; though the value of coal exports was higher in 1920 than in 1913. The decrease in coal exports to the largest importing countries is as follows:

DECREASE IN COAL EXPORTS
(thousands of tons)

Country	1913	1920
Russia	5,998	92
Sweden	4,563	1,372
Germany	8,952	13
France	12,776	11,691
Italy	9,647	2,905
South America	6,892	556

Steel and iron.

As in all belligerent countries, the steel and iron producing plants were extended and improved during the war. The post-war production of Great Britain, as compared with 1913, has been as follows:

POST-WAR PRODUCTION OF STEEL AND IRON IN GREAT BRITAIN
(thousands of tons)

Year	Pig iron	Steel ingots and castings
1913.....	10,260	7,664
1918.....	9,086	9,530
1919.....	7,398	7,894
1920.....	8,000	9,055

It may be remarked that 1913 was the record pre-war year. The course of events since the armistice is revealed more clearly by the quarterly averages of production.

It will be seen that 1920 steel production was greater than the pre-

QUARTERLY AVERAGES OF PRODUCTION OF IRON AND STEEL
(thousands of tons)

Quarter	Pig iron	Steel
1919		
First	659	737
Second	658	685
Third	581	603
Fourth	568	607
1920		
First	670	798
Second	712	828
Third	743	794
Fourth	537	598

war production. The June, 1920, production of pig iron, 752 tons, and the September, 1920, production of steel, 884 tons, are records for the industry. Nevertheless, the immediate outlook for the industry is one which discourages easy optimism. The falling off in October and November was partly the result of the general depression and partly a consequence of the coal strike. The month of February, 1921, showed a very grave falling off, to the lowest point since the war ended. It should be remembered, however, that before the war, profits in the steel and iron industry frequently averaged 70 per cent. This is hardly the mark of a declining industry; and the physical capacity of the industry is now greater than it was in 1913.

Steel and iron-using industries.

No statistics of production are available for most branches of the engineering industry; in general the volume of exports for 1920 was well behind that of 1913. The question of time payment has been a much debated one throughout the year. The figures of exports in thousands of tons are as follows:

Year	Steel and Iron Manufactures thereof	Machinery	Locomotives
1913	5,000	747	58
1920	3,250	426	39

Far more complete figures are available for the shipbuilding industry. The British construction of new ships was greater in 1920 than before the war, though British supremacy in the world's shipbuilding was not as decided. In 1913 the United Kingdom turned out 58 per cent of the world's merchant shipping; in 1919, only 22.7 per cent; in 1920, 35 per cent.

The rise in construction came to a halt in the last quarter of 1920; likewise the amount of new tonnage commenced fell. It is estimated that at the end of 1920 there was 8 million more tons of merchant

TOTAL MERCHANT SHIPPING LAUNCHED IN THE UNITED KINGDOM

Year	Thousand tons
1913	1,900
1914	1,700
1918	1,325
1919	1,625
1920	2,005

RECORD OF TONNAGE UNDER CONSTRUCTION
(thousands of tons)

Date	Tonnage under construction	New tonnage commenced
June, 1913.....	2,000	
" 1914.....	1,722	
" 1916.....	1,540	
" 1918.....	1,805	
" 1919.....	2,524	
December, "	2,994	604
March, 1920.....	3,394	708
June, "	3,578	587
September, "	3,731	593
December, "	3,708	506

shipping in the world than in 1913. That fact makes confident prediction for the near future impossible. Due to the present depression, it is likely that the construction for 1921 will be considerably below that of 1920.

Textile industries.

The textile industries, along with the boot and shoe and clothing industries, have felt the depression most severely. The Master's Federation in the cotton industry, by ballot, have been restricting production to three days a week in the Egyptian section and to four days a week in the American section. The industry was, of course, thoroughly busy during the war. The fall in the price of raw cotton and the break in Far Eastern exchange had a decided effect upon its exports; towards the end of 1920, 50 per cent of the looms were idle, and unemployment was rampant. Nevertheless, the year 1920 as a whole showed exports in considerable excess of 1918 and 1919.

EXPORTS OF COTTON PIECE GOODS AND COTTON YARN
(000 omitted throughout)

Year	Cotton piece goods		Cotton yarns	
	Yards	Value	Pounds	Value
1918.....	7,075,252	£97,775	210,099	£15,006
1919.....	3,523,660	179,073	162,616	33,908
1920.....	4,436,557 (sq. yds.)	315,733	147,542	47,825

The exports of the cotton industry in 1920 formed 26 per cent of the

total of British exports in value. The volume of exports to the United States was the greatest in the history of the industry; the exports to the Far East were much behind pre-war shipments.

In the woollen industry the end of the year was most disappointing, being marked by considerable losses. Raw wool prices fell to less than half those of March. This fall in price, however, was expected to lead to a growth of orders in 1921.

EXPORTS OF WOOLEN CLOTH AND YARNS

Year	Woollen tissues (million yards)	Worsted tissues (million yards)	Woollen, worsted, alpaca, and mohair yarns (million pounds)
1913.....	105.8	62.3	67.1
1919.....	131.1	33.7	26.0
1920.....	187.2 (sq. yds.)	77.3 (sq. yds.)	28.8

The value of the 1920 exports of woollen cloth was five times their value in 1913. The Continent, particularly Germany, was an important customer for woollen and worsted yarns before the war. That is the chief explanation of the decrease in the volume exported.

Miscellaneous industries.

The volume of export for certain important miscellaneous industries, for which figures are available, is as follows:

VOLUME OF EXPORTS

Year	Pottery industry (pounds)	Boots and shoes (dozen pairs) ¹	Cement industry (cwt.s.)
1913.....	3,744,870	1,584,000	747,736
1919.....	650,000	385,526
1920.....	3,740,754	1,141,000	620,411

¹ First eleven months of the year.

On the basis of the figures of production so far considered—and their trend is the same as that revealed by the figures of foreign trade—few absolutely safe generalizations can be made. Industrial activity seems to have been greatest and recovery most direct in these industries upon which war placed a great pressure—the steel and iron, shipbuilding, and textile industries. They too, however, have been affected by the depression which set in at the end of 1920 and still holds at the present. The discouragement of that period can be attributed, in no small measure, to the continued industrial uncertainty on the Continent and to the fall in Far Eastern exchange. But the depression in England was, above all, the mark of the beginning of an attempt at deflation and readjustment that occurred almost simultaneously in Great

Britain, Japan, the United States, and other countries. The reaction was sharp but possibly salutary to British industry. The fall in the price of raw materials and foodstuffs should lead to a fall in the expenses of production and to renewed purchasing if political events turn out favorably. The official obstacles to trade with Russia have now been removed. On the other hand, British industry must look forward to a more strenuous competition in world markets on the part of France and Germany than at present.

The physical capacity of British industry to produce as much in 1921 as in 1913 few doubt; though except in the early months of 1920 the machinery of production has never been set at full speed ahead. The volume of production in most industries was below that of 1913. It has been argued in some quarters that this is an indication of a permanent lowering of the level of production. The situation in the coal industry has been reviewed. The general manager of the Caledonian Railroad has stated that, though the volume of traffic carried in 1920 was smaller than in 1913 (367 million tons in 1913, 330 million tons in 1920), 30 per cent more railway employees were needed. Lord Weir has been loud in his charges of restriction of output in the engineering industries.

It is impossible to disentangle clearly the causes of the falling off in the level of production—even where such a falling off is evident. Lack of markets has certainly been the chief factor in the decrease in production during the last six months. Much is heard of the run-down condition of the railroads. Much short time was worked as a matter of deliberate policy during the depression.

Hours of labor have been shortened in many industries since 1913, with results impossible to trace. The growth of rings and agreements to regulate price and production has gone on steadily. The attitude of the workers in the matter of production is, finally, of consequence. Questions of employment and industrial control, even political questions, color that. Large numbers of the workers are alienated from the system under which they work. The coöperation of the trade unions will be essential to industrial recovery; the realm of practical compromise is being constantly explored. At a later point in this article the labor situation will be further considered.

Exports, imports, and the trade balance.

From the facts of production we may now turn to those of foreign trade. First, it is interesting to observe the trend of capital investment as compared with the pre-war trend. The figures of new capital issues published by the London Joint City and Midland Bank are as follows:

NEW CAPITAL ISSUES
(thousands of pounds)

Date	Home	Abroad	Total	Per cent abroad
1913	44,600	197,500	242,100	82
1918	40,267	25,063	65,330	39
1919	187,700	49,900	237,600	21
1920 Total.....	330,600	53,900	383,800	15
" Quarter:				
First ..	127,000	20,000	147,000	4
Second ..	88,000	6,000	94,000	7
Third ..	63,300	10,000	73,300	14
Fourth..	52,400	17,200	69,600	25

The figures indicate a marked turning away from foreign investment, which, however, is probably only temporary. When allowance is made for the inflation of values it will be seen that there was in 1920 considerably less investment than in 1913. These figures are not an altogether reliable guide, however, as the use of stock dividends has been increasing. Finally, the falling off of investment toward the end of 1920 is to be noticed.

The shipping entrances and clearances into the ports of the United Kingdom are a good index of the volume of foreign trade.

SHIPPING ENTRANCES AND CLEARANCES INTO THE PORTS OF THE UNITED KINGDOM
(thousands of tons)

Quarter	Entered with cargo		Cleared with cargo	
	1913	1920	1913	1920
First	10,877	7,955	15,752	9,517
Second	12,256	8,902	17,143	8,689
Third	13,296	10,199	17,487	9,321
Fourth	12,634	9,461	17,436	9,062
	49,063	36,517	67,818	36,589

The traffic for 1913 was greater than that of 1920. In that year, the excess of outgoing tonnage was marked. In 1913, entrances represented only 72 per cent of clearances; in 1920, they almost balanced. This change was due largely to reduction of coal exports.

Only the most important figures of the balance of merchandise exports and imports can be given. The following figures give the course of recent events:

MERCHANDISE BALANCE
(millions of pounds)

Year	Imports	Reexports	Net imports	Exports (British goods)	Excess imports
1913....	769	110	659	525	134
1918....	1316	31	1285	501	784
1919....	1632	165	1467	798	669
1920....	1936	222	1714	1336	378

The steady increase in the volume of exports of British goods is to be noted; also the steady reduction in the excess of imports. The present position shows a marked improvement over 1918, accomplished under most difficult circumstances. Some allowance must be made, it is true, for changes of value since 1918. The present situation is more clearly revealed by the following tables which express the foreign trade of 1920 in terms of the pre-war values of 1913. For better understanding, commodities are divided into three classes: (1) food, drink, and tobacco; (2) raw materials and articles mainly unmanufactured; (3) articles mainly manufactured.

FOREIGN TRADE OF 1920 IN TERMS OF 1913 VALUES
(millions of pounds)

Commodities	Imports retained		Exports, United Kingdom production	
	1913	1920	1913	1920
I. Food, drink, tobacco, etc..	279	241	34	19
II. Raw materials, etc., of which:	206	195	66	32
A. Coal	—	—	51	17
B. Raw cotton	61	53	—	1
C. Non-ferrous ores.....	12	8	—	—
III. Articles wholly or mainly manufactured, of which:	172	144	414	316
A. Iron, steel, and manufactures thereof	16	7	55	40
B. Non-ferrous metals and manufactures thereof..	211	18	121	15
C. Hardware, cutlery, etc.	5	3	7	5
D. Machinery	6	6	34	23
E. Cotton yarn and manufactures thereof	7	1	126	87
F. Woolen and worsted yarns and manufactures	9	4	36	34
G. Vehicles	5	22	26	23
Total, all classes.....	657	580	514	367

These figures show that, calculated on the basis of 1913 values, the imports retained were 12 per cent less in 1920 than in 1913 and the exports of United Kingdom products were about 36 per cent less. During the first two months of 1921, moreover, a very substantial falling off in the overseas trade, as compared with 1920 took place, due to the continuance and development of the trade depression. The recovery of the 1913 position is as yet not implied in the course of events. The difference in coal exports is an important element in the situation.

There has been a tendency since the armistice for foreign trade to swing back to pre-war channels—a greatly obstructed tendency, it is true. The near markets, with the exception of Russia, Germany and her allies, have been receiving a much larger share of British exports

than in 1913. The proportion has been falling, however. The following figures of percentages of exports give the drift.

PERCENTAGES OF EXPORTS TO DIFFERENT MARKETS

Markets	Year ending 1913	Third quarter 1919	Fourth quarter 1919	First quarter 1920	Second quarter 1920
1. Central and West Europe:					
a. Neutrals	9.7	20.5	18.1	16.2	13.5
b. Enemy	8.6	3.0	2.5	1.8	2.0
c. Allied, exclud- ing Russia....	11.1	28.3	23.5	22.8	17.4
2. European Fringe, South and Southeast	5.7	8.3	11.9	9.9	9.4
3. India and Ceylon	14.2	8.6	10.7	12.4	14.5
4. Far East	9.7	7.1	8.3	7.7	10.7
5. Australasia ...	8.7	3.8	3.8	4.5	6.0
6. Africa	7.0	4.5	5.0	6.4	6.9
7. United States..	5.6	4.9	5.1	7.1	6.2
8. South America.	11.3	6.6	6.5	7.5	8.4

One outstanding feature of the situation is the heavy buying from and light selling to the United States. The resumption of trade with Germany has been tardy. Russian trade has been at an end.

It is possible to calculate with considerable accuracy the trade balance for the United Kingdom in 1920. The excess of merchandise imports was 378 million pounds. Taking the official calculations for the other items, as given in the *Board of Trade Journal* in January, 1921, the balance is as follows:

	Million pounds
Coin and bullion excess exports	43
Net income from investments	120
Shipping earnings	340
Banking, insurance, and other sources	40
	<hr/> 543
Excess merchandise imports	378
	<hr/> 165
General balance	165

It must be remembered that Great Britain paid no interest on her American debt, nor received any on her external loans. This is the first time since 1913 that a favorable balance has been established.

The exchanges.

Having these data before us there is no need of going into detail in regard to the foreign exchanges. The dollar-pound exchange rates stand by themselves; they reflect not only the English situation, but also the adverse balance of the whole continent. The discount on the pound rose to its highest point (33 per cent) in November, 1920, but

has sunk to 21 per cent in February, 1921. The neutral exchanges have moved irregularly, somewhat in favor of Great Britain. The currencies of the European, allied, and enemy countries have steadily declined in terms of the pound. The following figures give the situation:

FOREIGN CURRENCIES IN TERMS OF THE POUND

Countries	Par	Nov. 11, 1918	Dec. 31, 1919	Aug. 20, 1920	Feb. 11, 1921
I. Neutral:					
Amsterdam	12 Fl. 10	11.46	10.13	10.38	11.34
Madrid	25 p. 22 c.	25.03	19.68	26.10	27.65
Berne	25 fr. 22 c.	22.03	21.12	21.15	22.40
Christiania	18 Kr. 16	25.65	19.80	24.10	21.37
Stockholm	18 Kr. 16	17.90	18.60	17.50	17.44
Copenhagen	18 Kr. 16	25.35	17.60	24.50	20.76
Buenos Ayres...	47 d. 58	—	62.50	—	49.50
II. Allied and enemy:					
France	25 fr. 22 c.		41.09	50.48	54.55
Italy	24 l. 22 c.		50.12	74.20	106.25
Belgium	25 fr. 22 c.		40.40	37.90	51.50
Athens	25 ch. 22 c.		25.62	31.40	54.25
Germany	20 M. 43 Pf.		187.	151.	230.
Vienna	24 Kr. 02		655.	—	—
III. Far Eastern:¹					
Madras	2s		2/4	1-	1/4
Yokohama	2s 1/2d		2/8 1/4	2/7	2/3

¹ The pound in terms of foreign currency.

The financial situation.

Within the scope of this study it is not possible to review the British financial situation adequately. It is necessary, however, to glance at certain aspects of it in order to estimate the industrial situation: first and foremost, the balance of income and expenditure.

The income and expenditures for the financial year 1919-1920 were as follows (in million pounds):

Revenue	1,339
Expenditure	1,665
Deficit	326

The estimates for the financial year 1920-1921 were as follows:

Revenue	1,418
Expenditure	1,184
Estimated balance	234

Several features of these estimates deserve comment. First, the revenue includes 311 million of special receipts, as from the sale of supplies. Second, the expenditure includes 345 million of debt charges. Third, up to the present the estimates have been reasonably well substantiated. A summary of the year's finance, from April 1, 1920, to March 19, 1921, shows in millions of pounds:

Total spent	1086	Raised by revenue	1330
December, in balances ..	7	Net repayment	251
Total	1079	Total	1079

For the first time since 1913 the income in 1920 equaled the expenditure. The total national debt rose from 711 millions on August 1, 1914, to 8,079 millions in December, 1919. It has been reduced since by about 200 millions, standing at 7,817 millions on January 15, 1921. The floating debt, however, has continued to increase; it stood at 1,464 millions at the time of the armistice, fell to 1,279 millions, and on January 15, 1921, stood at 1,570 millions. Great Britain is in a position to tackle, though only in a small way, the task of debt reduction. Progress in that direction will depend, of course, upon a continuance of heavy taxation. The question of interest on foreign loans is as yet unsettled. Some reduction in expenditure is to be expected, beginning with 1922, but unforeseeable demands on the treasury may always arise.

The discussion of deflation has centered largely on the currency note issues. The Bank act of 1844 was not suspended during the war. But the circulating currency was swelled by the issue of notes and certificates, under the Currency and Banknote act of 1914. This new form of currency is in one pound and ten shilling denominations. It figures in the same way as Bank of England notes on the balance sheet of the Bank of England. It is counted as part of the reserve of other banking institutions, and has thus made possible an increase of loan and deposit currency. The treasury holds 28.5 millions in gold as special reserve against this currency note issue. The note circulation in the United Kingdom is as follows (in millions of pounds):

	Dec., 1913	Dec., 1918	Dec., 1919	Nov., 1920	Jan. 12, 1921
Bank of England notes	29.6	79.2	87.4	128.4	129.8
Currency notes and certificates ...	—	323.	356.	355.	350.

The volume of currency notes has not increased during the past year.

Any policy of deflation must be most carefully mapped out because of its possible effect upon industrial activity. The first step—a balance of revenue and expenditure and a consequent stoppage of government borrowing—seems to have been successfully accomplished. It will only be possible to hold that balance, however, if the many difficulties of foreign and domestic politics are surmounted without too great strain. Prices have begun to decline. That should make it possible to lay down a consistent treasury policy, provided the present depression does not become more serious, due to upsetting political or economic events. The estimate made by Professor Davis last fall still

applies. He wrote: "On the whole, the British are succeeding moderately in checking credit and currency expansion, and in reducing the public debt and are in a position to take advantage of favorable opportunities for moderate contraction, but the situation is still critical."¹

Prices.

The movement of wholesale prices, has been as follows:

WHOLESALE PRICES¹

End of	Cereals and meats	Other foods	Textiles	Minerals	Miscel- laneous	Total
Nov., 1918..	100	100	100	100	100	100
Mar., 1919..	100	100	81	94	93	92
Sept., " ..	108	104	107	116	97	106
Mar., 1920..	117	116	161	138	123	134
Sept., " ..	117	119	128	145	110	123
Nov., " ..	115	111	89	139	96	106
Dec., " ..	104	103	69	134	92	95
Feb., 1921..	91	90	56	116	82	83

¹ The Economist index number.

The cost of living index number of the *Labor Gazette* gives the percentage increase over 1914. It includes food, clothing, fuel, light, rent, etc.

January, 1920—	125
April, " —	132
July, " —	152
November, " —	176
December, " —	169
January, 1921—	165
February, " —	151
March, " —	141

The index number of wholesale prices indicates a decided decline since May, 1920, especially in textile and secondary food products. The cost of living figure rose up to November, 1920; but a decline seems to have definitely begun. It is on this figure that the wage-earners have centered their interest.

The labor situation.

The course of industrial recovery will be gravely affected by the outcome of the labor difficulties that are pressing for attention.

From the armistice until the autumn of 1920, employment was steadier than before the war. Wages in general kept advancing in accordance with the rise in the cost of living. Three serious strikes occurred after the armistice: the railway strike and the moulders' strike over wages, the coal strike, in reality as an incident in the revolt of the miners against private profit in the coal industry. The question of unemployment is now at the forefront. With the depression, the pro-

¹ The Review of Economic Statistics, August, 1920, p. 220.

test against unemployment became clamorous. The figures of unemployment in the organized trades reporting to the Registrar are as follows: They apply to a membership of about a million and a half.

Year	Per cent unemployed	Year	Per cent unemployed
1913	2.1	Jan., 1920.....	2.9
1914	2.3	May, "	1.1
1915	2.1	Sept., "	2.2
1916	0.4	Oct., "	5.3 ¹
1917	0.6	Nov., "	3.7
1918	0.8	Dec., "	6.0
Jan., 1919.....	2.4	Jan., 1921.....	6.9
May, "	2.1	Feb., "	8.5
Sept., "	1.6		

¹ Coal industry not included.

These last months, besides, have been marked by a wide extension of short-time work. In February the percentage of unemployed was greater than at any date since the winter of 1908-1909. The new Unemployment Insurance act greatly extended the sphere of insurance; it now applies to 12 million workers, it is estimated. The weekly payment for men was increased to 15 shillings (6 shilling pre-war values). The *Labor Report on Unemployment* contains a demand for 40 shillings for married men and 25 shillings for single men. Unemployment has risen to the dimensions of a calamity; it is by no means certain it will not increase.

It is at this time too that the first organized effort to effect a general wage reduction has started. The employers' association contend for a reduction on two grounds. First, because the cost of living has shown signs of a decline. Second, on the ground that a radical reduction in expenses is essential to meet the competition of the Continent—to get orders to keep industry going. So far, the leaders of organized labor have opposed these contentions. The following statement by the Rt. Hon. J. R. Clynes, M.P., is representative of the attitude of the more moderate elements in the trade union movement. He said:

I do not hesitate to say that Labor will reject any proposal for a general reduction in wages with the object of securing a reduction in prices. Wage reductions may be reached in certain individual cases by mutual agreement between representatives of the workers and employers but as a matter of general policy, organizations acting either through national bodies or through responsible executives will not agree to reduction. . . . Much could be said for a joint movement to reduce profits, high salaries and high wages at the same time.

He suggests the joint industrial councils, with full command of the facts, as the best agents for any such policy.

There can be little doubt that up to the end of 1920 industrial profits were high. The weekly profit and loss account of the *Economist* for

over three hundred large enterprises, showed an average increase of profits in 1920 over 1919 of 32.6 per cent. These figures, however, do not reflect the severe depression; and the taxation of industrial profits has been very heavy.

English labor will fight before it will accept a reduction of its standard of living to the pre-war standard. Throughout its ranks there is a conviction that the pre-war distribution of wealth was unjust; to enforce that conviction its policy will probably be opportunistic. In the coal mines and on the railways, any negotiations for reduction would probably resolve themselves into demands for some form of state control. A continuance through the summer of the present depression with its accompanying unemployment will impel wage reduction, in order to make further reduction of export prices possible. In that event, unless the employers deal with the trade unions with great candor and fairness, and accept a reduction of profits, serious industrial conflicts would almost certainly arise. If the depression ends—and the settlement of the indemnity question will be a factor of no mean importance in determining whether it does end—the necessity for immediate wage reduction will be avoided. If then, in the succeeding months, the cost of living continues to fall, wage adjustment downward will be far more easily accomplished than otherwise. The fact that the cost of living has fallen decidedly during the first months of 1921 is the single really encouraging factor in the situation; for few doubt that ultimately the war level of money wages must be reduced.

Behind this phase of the question of wage reduction stand the treasury problems. The treasury stands ready to avail itself of any advantageous opportunity to reduce the floating debt and the currency note circulation. But, even with a favorable fiscal balance, it is not likely to take the initiative in deflation. The price declines will have to come either through an increase in the productiveness of industry or from a fall in the price of imported foodstuffs and raw materials; or from the force of foreign competition with a decrease in profits or wages or both. The signs point to some price decline due to these factors—indeed, it has already begun. How far it will go, whether it will be sporadic or regular, it is impossible to predict. The agreement and coöperation of the trade unions in the policy of deflation will be essential for it is not likely that prices will fall sufficiently to enable the treasury to establish a gold standard, unless wages are eventually reduced. And since the question of wage reduction is such a thorny one, and the question of unemployment is so acute, the present government will find its march back to the gold standard no easy one. It is conceivable that it will have to await the accession of a labor government. But here it is necessary to rein in speculation.

Since this article was written, the government has acted upon its decision to end the financial control of the coal industry. The coal miners have gone on strike. Up to the present, negotiation between the government, the owners, and the miners has not succeeded in bringing about an agreement upon two issues: first, the miners have demanded that wages be determined on a national basis, that is, that there should be a national scale of wages, such as is now in existence; second, that the profits of coal mining throughout the country should be put into one national pool; by means of which the poorer mines should be enabled to pay the general scale of wages, and some standard scheme of profits could be enforced. The demands of the miners are not prompted primarily by the desire to advance any general program of industrial change. The question of nationalization is at present in the background. The miners' stand is, in reality, against extensive profit making in the coal industry.

Failing some agreement (probably compromise) with a short time a strike by the railwaymen and transport workers—the other members of the Triple Alliance—may follow. A strike of the Triple Alliance would shortly bring about a tie-up in British industry; the government could do more than perform emergency services. By such a strike all parties would stand to suffer more than they can hope to secure in the way of immediate gain from victory. The issue, however, is not conceived of in terms of immediate gain. The strike may take place. If it does, the smallest possible effect will be to set back British industrial recovery some weeks or months; its conceivable consequences are vastly greater.

Unexpected purposes and forces are likely to come to light in times of crisis; and original aims undergo transformation. But the habit of the great majority of the English people to seek out facts, and to guide their actions by facts, along with a deep underlying feeling, which exists despite all, that the sudden wreck of the present industrial structure is not to be thought of—these may be expected to produce a compromise.²

HERBERT FEIS.

Harvard University.

² Practically all the statistics quoted in this article are taken from files of *The London Times*, *Board of Trade Journal*, *Economist*, *Statist*, *Labour Gazette*, or *Statistical Publications of the Supreme Economic Council*.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

The Place of Science in Modern Civilization and Other Essays. By THORSTEIN VEBLEN. (New York: B. W. Huebsch. 1919. Pp. 509. \$3.00.)

From twelve to twenty-eight years have elapsed since the initial appearance in various learned periodicals of the essays by Mr. Veblen which are now assembled in *The Place of Science in Modern Civilization*. In the interval they have been thumbed over by graduate students, used for dialectic by professed economists, escaped the attention of the lay Veblen cult, and left their mark upon the development of the "science." An appraisal of the volume should, therefore, be something else than an impressionistic opinion by the reviewer about a book hot from the press. It should be a re-review of reviews, free from the taint of "opinion," and limited to a record of the "facts." But, even at this late date, so objective and colorless an appreciation of Mr. Veblen's contributions is impossible. The time was when they were far beyond the outer fringe of economic speculation. The time is when they are intimately associated with many daring quests which have overridden the older restraints upon theory. And intimacy is as great a bar to correct judgment as remoteness.

The essays which make up this volume, despite the range in time and place that marked their original publication, fall into an easy sequence. The first of three groups into which they fall is concerned with the meaning and the development of "the scientific point of view" and its place in modern culture. The last is given to a discussion of the "blonde race" and the incidence of its ethnic endowment upon "Aryan" culture. Between the two, running from page 56 to page 456, and comprising four fifths of this book, are a group of studies upon the nature, scope, limitations, and implications of economic theory. Since the first of these inquires into whether economics is an evolutionary science, the essays which give the volume its title may be regarded as a formal introduction to the discussion of economic theory. And since, back of both "science" and "economics," Mr. Veblen looks for "cultural antecedents," the study of the nature of the civilization of the "dolicho blonde" is not out of place. Thus, despite variety in subject-matter, the volume has unity. Its importance, however, lies in the ventures into economic criticism which make up its bulk and escape mention in its title.

If Mr. Veblen's vehicle had been a formal treatise his strictures upon accepted economic theory would have formed a single articulate study. The series of separate essays which he has used instead has the ad-

vantage of enabling him to get at his subject from many different angles. It also imparts a suggestiveness which a more formal discussion would have lacked. It allows a searching analysis of the pre-conceptions of classical theory in general; a specific appraisal of the theory of marginal utility; a lucid discussion of the nature of capital and of forms of employment; and a penetrating examination of the systems of economics which bear the names of J. B. Clark, Gustav Schmoller, and Karl Marx. The burden of this criticism is to show that reputable theory moves "in terms alien to the evolutionist's habit of thought"; that it assumes a "hedonistic conception of man" as "a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the influence of stimuli that shift him about the area, but leave him inert"; and that it takes for granted "a benign order of nature" and "a meliorative trend in the course of events." It discloses the small province of value theory which utility and productivity theorists have so meticulously cultivated; shows that Austrian and Clarkian economics are variants of the same general doctrine; and reveals both as refinements and sublimations of a system of thought which is essentially Ricardian. It refuses to find in the implications of a system of value proof that each gets "what he produces" and that the prevailing economic order is natural and moral.

The great merit of such a critique lies in its constructive value. The argument, in spite of its multiform appearance, has coherence, pertinency, and purpose; and all because Mr. Veblen has his theory about what economic theory should be about. He insists that the complex of activities which make up our industrial life forms a continuous process; that the economic order is peopled with real human beings, who have their varied characteristics and such differences one from another that the question of personal selection for economic place is an important one; that men are born into communities, with their set ways of doing things, and that they are moulded by these arrangements; that economics might well concern itself with discovering the nature of such of these arrangements as are pertinent to the problem of wealth; and that the goodness or badness, efficiency or inefficiency, of these schemes of life, instead of being taken for granted, are to be tested by definite standards and in the light of determined facts.

The nature of these suggestions can best be shown by an illustration which the reviewer will present in non-Veblenian terms. In one of the essays a careful distinction is made between industry and business. It is through industry that goods and services are fashioned and furnished; it is through business, at least at present, that the many and varied tasks of industry are organized. Industry is permanent and

indispensable. It exists upon the oasis, the manor, the frontier, the urban center. It will exist under any scheme of economic organization. If every act of production, of exchange, and of consumption were in response to the orders of an industrial autocrat, there would still be industry. Business, on the contrary, is only one of several schemes for the integration of industrial tasks into a system. It has almost no place on the manor and the frontier. It would not exist in a system organized by an autocratic despot. Even today its domain is not complete; it exerts little influence over the activities of the housewife and the conduct of the affairs of the family. It consists of a scheme of institutions which include the pecuniary calculus, the system of prices, the right to buy and sell, and the market. Most problems of the day involve the question of the success of business in organizing the industrial system. Most remedial measures include, in mild or drastic form, restrictions upon or substitutes for the various devices which make up the business control of industry. The distinction is essential to a correct formulation of the problem of an appraisal of the prevailing scheme of economic arrangements.

To these critical-constructive studies a significant place must be given. The literature of economics has always been rich in the type of criticism that projects doctrines upon the same intellectual plane, analyzes them minutely, and by comparative devices tries to reduce the whole truth to detailed formulation. It has been poor indeed in criticism that associates the general characteristics of bodies of doctrine with the specific problems which led to their formulation and with the systems of thought which they embody. Mr. Veblen did not bring the latter type of criticism into economics. But with its aid he has given the whole body of classical economic theory a meaning which it did not before possess and has clearly revealed its limitations. Moreover, he is preëminent in its use. It is significant that, though many have followed him, none of the later critics have discovered important leads which are not at least suggested in these essays. Some are sure that this critical work has demolished the older formulations and prepared the way for a "scientific" economics. Others insist that it has merely opened a new domain to economic theory by showing the "limitations" of the older doctrines. Still others maintain that its only effect has been to strip from the older theory implications of statement that were no essential part of it. It would be futile to set down the right answer to his question of constructive influence without making an exhaustive survey of Mr. Veblen's doctrines. And that cannot be attempted here. It seems certain, however, that even in this volume Mr. Veblen has done constructive work of great importance by pointing the

way to an examination and appraisal of the specific institutions which make up the prevailing economic order.

The difficulty of a current appraisal of Mr. Veblen's economics remains. But the nature of the difficulty has radically changed. The danger of ignoring him because he is far in advance of the scrimmage line is gone. The present danger is that his work will be appraised in terms that are indefinite and cosmic. There is already a tendency to make him responsible for all that is new in economics; and in history and politics and psychology as well. This danger was recently voiced by a distinguished English economist who gave an account of a meeting with Mr. Veblen in terms of a pilgrimage to a great American intellectual deity. And the movement has reached the laity. In this season's most "significant" novel the heroine who fights the smugness of the small town with affectation reads Veblen. This situation has been abetted by *The Leisure Class*, *Imperial Germany*, and *The Nature of Peace*, which have been read by the laity. Their glib phrases have convinced many of their readers that they have understood Veblen. For that reason *The Place of Science in Modern Civilization* is most welcome. It presupposes a specific acquaintance with economic theory. It is addressed to the professional economist. And it enables the cosmic judgments of Veblen's place in economics to be reduced to finite terms.

WALTON H. HAMILTON.

Amherst College.

Introduction to the Principles of Sociology. By GROVE SAMUEL DOW. (Waco, Texas: Baylor University Press. 1920. Pp. 505.)

Sociology: Its Development and Applications. By JAMES QUAYLE DEALEY. (New York: D. Appleton and Company. 1920. Pp. xv, 547. \$3.00.)

Social Theory. By G. D. H. COLE. (New York: Frederick A. Stokes Company. 1920. Pp. 220. \$1.50.)

The History of Social Development. By F. MUELLER-LYER. Translated by ELIZABETH COOTE LAKE and H. A. LAKE. (London: George Allen and Unwin, Ltd. 1920. Pp. 362.)

The promise of the preface of Professor Dow's work that the book will take up "in a related fashion" the "different specific phases" of the subject hitherto presented by sociologists is hardly fulfilled. There is a large amount of helpful discussion and elucidation of various social problems, and consideration of historical and developmental factors, but very little clear-cut exposition of the relation between cause and effect, law and principle, in the broad reaches of the subject, and no marked sense of order or relationship.

After a brief introductory chapter on the nature of sociology, there

follows a section on population. Then comes a study of the evolution of social institutions, an analysis of society, and a section on social maladjustment which includes a discussion of some of the commonly recognized "social problems." The book closes with a very brief chapter on progress in which there is confessedly no attempt at "theorizing" about social progress but merely "the aim . . . to show that society is advancing."

A great variety of topics is gathered together between the two covers, and, as already intimated, the discussions of these topics are interesting and often illuminating. One who knows nothing of the field of sociology would acquire a deal of useful information by reading this book, and in the hands of a competent teacher it might prove a useful textbook for a class which had to cover the entire field in a term or two.

Unfortunately the book is marred by some inaccuracies, and some minor qualities of an irritating nature. Thus the author repeatedly states that "we know that man originated in or near what is now Asia Minor." Alas for the highly endowed scientific expedition which has just been organized to search for the earliest relics of man on the high central plateau of Asia! Again, on page 44 he says, "while we can expect the population of the earth steadily to become denser there is as yet under ordinary circumstances no immediate danger of starvation—at least not in the next few decades." What of China and India? And what of a conception of sociology which is willing to throw the whole Malthusian theory into the discard because its worst predictions may not be verified for "the next few decades?" It is also a quaint notion of the sources of sociological fact which leads an author to say, in speaking of our uncertainty as to whether the human species originated in a single pair or not: "The Bible itself is not clear in regard to this—at least our interpretation of the Bible does not clear up the matter." The proof-reading is bad, and there is found the unpleasant practice of using paragraph headings as an integral part of the text. Also, the arbitrary selection of a certain number of words for phonetic spelling, while the great majority are left unchanged—as "enuf" and "nation," "brot" and "taught."

Professor Dealey's book is an enlargement and revision of his earlier *Sociology*. It follows the historical method, and the subject-matter is arranged in an orderly and logical way. One may be excused for longing for the time when writers on sociology will be emancipated from the feeling that they are under the obligation of including in their work long discussions of the nature of sociology and its relation to the other sciences, and may use the time saved from teaching what sociology is for the teaching of sociology. Be that as it may, Professor Dealey's

treatment of this phase of his subject is clear, sensible, and constructive, and shows an excellent knowledge of the field. There follows a study of the development of society and its institutions, again showing penetration and wide research. The next section is on social progress, and takes up the most prominent social evils, and the possibilities of their correction. This new edition will preserve for many years the honored place held by the author's earlier book.

Social Theory is a brief and helpful examination into "the structure of the half-organized and half-conscious community of which we form a part." The author avows his indebtedness to R. M. MacIver, the influence of whose book on *Community* is evident throughout the pages of the present volume. One of the most valuable features of Mr. Cole's work is his emphasis on the need of an authoritative technical vocabulary in the field of sociology, and his effort to introduce and establish certain basic terms and their definitions. Of course no one man can do this, and it is exceedingly hard to see how it ever is to be done. But certain it is that it must be done, before sociology can take its appropriate place among the sciences.

Mr. Cole approaches his subject from the ethical point of view, he is concerned "with 'ought' rather than with 'is,' with questions of right rather than of fact." But this does not blind him to the necessity of recognizing facts as the starting point of study, and his book is by no means visionary or vainly idealistic. He lays great stress on the importance of government and the state, and arrives at the final conclusion that the "most essential conditions of successful association [are] the principles of democratic functional organization and democratic representation according to function." He finds the existing social order lacking in these respects, and puts great faith in somewhat radical working-class movements as the agencies for introducing a more stable structure.

The conviction that anything really new in sociological fact is a rarity in most books on social theory is illustrated by Dr. Müller-Lyer's book. All that is novel is the method of approach and the scheme of arrangement of more or less familiar material. The volume in question is a study of social development by the "phaseological" method, that is, various aspects of society are considered historically, and traced through the various stages or phases through which they have been brought to their present state. The first part takes up culture itself, its character, origin, and classification. Then follow in succession studies of the evolution of food, tools, clothing, and dwellings—the material elements of culture. Next comes the evolution of labor

in the broad sense. The last three sections deal with the causes of progress, economic and general, a summary of the culture stages, and a closing discussion of culture and happiness.

All of this is exceedingly interesting and stimulating. Here we have a case where the arrangement and presentation of material is itself so ingenious and constructive that the result is a genuine contribution to the subject. On the basis of this solidly constructed foundation the author is enabled to erect certain conclusions as to the relation between culture and happiness, two of the most significant of which are that thoughtless procreation on the part of human individuals has now become actually immoral, and that the development of culture which has been largely unconscious in the past must now become deliberate, purposeful, and conscious.

HENRY PRATT FAIRCHILD.

New York University.

Elementary Economics. By THOMAS NIXON CARVER. (Boston: Ginn and Company. 1920. Pp. viii, 400. \$1.72.)

The author's earlier book, *Principles of Political Economy*, was reviewed in the December, 1919, issue of this REVIEW, pages 796-797. The general content and philosophy of the two books are equivalent. The present volume is briefer and somewhat simplified in statement, having in view a younger constituency. Lists of questions, evidently very carefully considered, are appended to each chapter and a considerable number of interesting and instructive illustrations are furnished in the chapters on production. The aim of the book is to promote national welfare. It will afford genuine pleasure to any sincere student of economic problems with painful experience of the character of recent books proffered by critics of existing economic conditions and would-be guides to economic welfare to read the mature and reasoned arguments of this text. There is sufficient criticism of existing institutions and customs joined always with positive constructive suggestions. No youthful student of economics could fail to profit from intimate acquaintance with a book of such evident and earnest sincerity and zeal for the truth, for right thinking, and right living. These are qualities which all past students of Professor Carver's expect to find in every welcome volume from his pen. There is a homely and wholesome philosophy emphasizing moral qualities which "there is a tendency to underestimate in this age of great mental achievements, especially in the fields of physical science and mechanical inventions." The insistence on the importance of thrift, sobriety, and honesty may remind the reader of the doctrines of Franklin.

Professor Carver's general philosophy is well known and the book

under review is a restatement of familiar doctrines. No general criticism will be attempted. The reviewer knows no better text for high school use. For straight thinking, sound learning, skill in exposition, sturdy belief in liberty and democracy, and sanity of statement and belief, it has no rival. A dip in this philosophy after immersion in current economic criticisms and complaints is as refreshing as a plunge in clear, cool waters under an unclouded sky. Yet he finds himself burdened with a suggestion and a couple of questions. Would it not be desirable to include an enlarged statement of the concrete facts of inequality? It is not alone the inequalities of wealth and income but the varying qualities of individuals, groups, and races that need emphasis. This in view of the applicability of such knowledge to the "balancing up" program. Suppose the next generation of high school students were to be taught these doctrines and to come out filled with ardent reforming zeal, as might logically happen. Would it not be well that they temper their zeal with discretion born of knowledge of the exact characteristics and economic condition of our hundred millions of population? Such a tremendous fact as the moral, mental, and economic status of our millions of negroes might serve to inform their zeal and furnish direction to their attacks.

Similar questionings arise in connection with the final paragraph of the text, "Poverty easily curable under freedom." It declares: "We need not have poverty among us a generation longer than we want it. By setting to work deliberately to balance our population, causing ignorance and lack of skill to disappear and causing technical training and constructive talent to increase, we can, in a short space of time, make low wages and poverty a thing of the past." Would it be so simple and so rapid? The central question of hereditary abilities is admittedly unsolved. "There is no doubt whatever, that men of average natural ability may be greatly improved by education and training, nor is there any reasonable doubt that some are capable of being trained much more highly than others because of a difference in natural ability." Passing that, how shall such Herculean feats of education be consummated? We are not blessed with fairy wands to endow our students with sweet reasonableness and teachableness (see p. 35). Nor yet equipped with such superabundance of teaching talent or genius that we may hope to overrule in a single generation the deadly weight of bad example, vicious or misleading ideals, and ingrained early habits of thought and character necessarily resultant from the overlapping of generations. However earnestly we set to work we cannot expect to deal with a generation absolutely plastic, and untrammelled with earlier traditions and disturbing influences. The conclusion seems inevitable that our ardent youths are doomed to disappointment as early

as it will be severe if they tackle this problem with hope of a quick and complete victory. It might be better to send them to the conflict with a clear-eyed vision of the inherent complexities and enormous dimensions of the contest before them and with anticipations of a lengthy struggle.

A final question may be raised as to the underlying philosophy of the book. It aims at national welfare and it finds such welfare in a program which insures that our nation shall be selected to expand in wealth, numbers, and power and ultimately possess the earth. It is a stern philosophy which admits no mitigation or cessation of international rivalry nor of the pressure of populations. It finds that "victory must ultimately go to the race or nation with the most efficient standard of living," and calls for "preparedness for this ultimate and decisive conflict" through "study of the standards of living and the adoption of such standards and habits as increase productive efficiency to the maximum and reduce the cost of living to the lowest point which is consistent with maximum productivity" (p. 350). How far this might carry us is suggested in the discussion of the control of consumption.

By an authoritative standardization of wearing apparel, food, and other forms of consumption we should tend to eliminate this worst form of competition. That would involve, of course, the organization of society on a semi-military basis, though the object need not be military conflict. It would mean the prescribing of a satisfactory uniform for all members of the community and also of a uniform diet or ration. Houses, furniture, and other consumable goods would also have to be standardized and prescribed by government regulations (p. 344).

May one not fairly question the sufficiency of such a philosophy as the governing ideal of our nation. After successful appropriation of the earth, what next? Competition by groups each reducing consumption, exalting production, and piling up ever greater strength for further competition?

Should we teach in New England the supreme importance of adopting an efficient standard of living to the end that, through trade rivalry we may ultimately possess these United States? If national welfare, why not state welfare? After all, is the danger of our extinction through international trade rivalry so pressing, the continuance of the extraordinary nineteenth century expansion of population so certain, that we must teach our youths that their lives are dedicated to their nation's expansion, that the sum total of duty and of life is to work? Are we to eliminate from education all that does not further trade rivalry? Like the race of armaments this is only necessary if the preaching of competition prevails. These questions are set down,

one may be permitted to add, by one who is and has always been an admirer of Professor Carver. This is an admirable text. But the reviewer cannot follow this philosophy and would not teach this doctrine. He has faith to believe, despite recent events and personal experiences, that the world is on the threshold of better things and that means will be found to control trade (or warlike) rivalry and "balance up" populations with territories, competition with coöperation, and even things of this earth with things of the mind and spirit. He proposes so to teach.

CHARLES E. PERSONS.

Boston University.

NEW BOOKS

- ANSIAUX, M. *Traité d'économie politique*. (Paris: Giard. 1920. Pp. 388. 20 fr.)
- BUER, M. C. *Economics for beginners*. (London: Routledge. 1921. 4s. 6d.)
- CONRAD, J. *Volkswirtschaftspolitik*. Eighth edition. (Jena: Fischer. 1920. 48 M.)
- DIEHL and MOMBERT. *Wert und Preis*. (Karlsruhe: Braun. 1920. Two vols. 12 M. each.)
- JENTSCH, C. *Volkswirtschaftslehre, Grundbegriffe und Grundsätze der Volkswirtschaft*. Sixth edition. (Leipzig: Grunow. 1920. 11 M.)
- JOURNÉ, M. *Principes d'économie politique*. (Paris: Alcan. 1921. Pp. 490.)
- KIDD, B. *Social evolution*. New, revised edition. (New York: Putnam. 1921. Pp. ix, 404. \$2.50.)
- LAING, G. A. *An introduction to economics*. (New York: Gregg Pub. Co. 1920. Pp. 454. \$1.20.)

The preface states that the author of this text "has had constantly in mind the demands of secondary schools for a textbook that lays stress upon the discussion of economic principles with special reference to American conditions." Accordingly the book has the usual apparatus of chapter and paragraph headings and summary conclusion to important chapters. It omits what has come to be a familiar feature of such texts: aids to the student in the form of questions, problems, and exercises. The author attempts to compress into brief compass the subject-matter of the ordinary economics course. He has emphasized the "failure of competition" and the growth of monopoly control. There is an extended discussion of financial matters. Six chapters out of thirty, and about a fifth of the text's pages, are devoted to the discussion of money and banking. The treatment of distribution on the other hand is extremely brief. Interest, rent and profits are handled in a single chapter of twelve pages. More extended treatment is given the subject of wages, and labor questions in general, but one searches in vain for a positive statement of wage doctrine. The author admits no population difficulty and includes no discussion of Malthusian theories.

The author's own solution of the "task of so reconstructing society that the evils of which we are conscious shall be things of the past" is nowhere clearly stated. He has been much impressed by the achievements of government control during the recent years of war and one gathers that he favors this method of reconstruction. He has written a readable book supporting the current criticisms of our economic society and without balancing such criticism with constructive plans for reform, or with an adequate statement of the difficulties to be overcome in such attempts at reconstruction. The best part of the text is the treatment of money and banking. Its worst feature is that it is better fitted to instil discontent than to point out the path of reform. This criticism is offered with the thought in mind that the text is intended for the training of ingenuous youth.

C. E. P.

- DE LEGRAND, G. *Le précis d'économie sociale*. (Bruxelles: Dewit. 1920. Pp. 226.)
- MUKERJEE, R. *Principles of comparative economics. Lectures delivered at the University of the Punjab and the University of Calcutta*. (London: King. 1921.)
- NARAIN, B. *Essays on Indian economic problems*. (Lahore, India: Sanatan Dharina College. 1921.)
- NOGARA, B. *Traité élémentaire d'économie politique*. (Paris: Giard. 30 fr.)
- OBST, G. *Volkswirtschaftslehre*. Sammlung kaufmännischer Unterrichtswerke, 18. Second edition. (Stuttgart: C. C. Poeschel. 1920. Pp. xii, 348.)
- OSWALT, H. *Vorträge über wirtschaftliche Grundbegriffe*. (Jena: Fischer. 1920. 19 M.)
- PIGOU, A. C. *The economics of welfare*. (New York: Macmillan. 1921. Pp. xxxvi, 976. \$12.)
- ROBERTS, G. E. *The equilibrium in industry. Address as President of the American Statistical Association, Annual Meeting, Atlantic City, December, 1920*. (New York: National City Bank. 1920. Pp. 15.)
- SCHWARZ, O. G. *Grundriss der Nationalökonomie*. (Berlin: C. Heymanns. Pp. 144.)
- SPANN, O. *Die Haupttheorien der Volkswirtschaftslehre auf dogmengeschichtlicher Grundlage*. (Leipzig: Quelle & Meyer. 1920. 3.50 M.)
- STILLICH, O. *Einführung in der Nationalökonomie*. (Würzburg: Kabitzsch & Mönnich. 1920. 4 M.)
- STOLZMANN, R. *Grundzüge einer Philosophie der Volkswirtschaft*. (Jena: Fischer. 1920. Pp. vii, 225. 28 M.)
- TYSZKA, K. VON. *Volkswirtschaftliche Theorien: Merkantilismus, Individualismus, Sozialismus, Bolschewismus, Imperialismus*. (Jena: Fischer. 1920. Pp. vi, 136. 11 M.)
- WILBRANDT, R. *Oekonomie. Ideen zu einer Philosophie und Socialogie der Wirtschaft*. (Tübingen: Mohr. 1920. Pp. viii, 152. 18 M.)

Economic History and Geography

NEW BOOKS

- BELOW, G. v. *Probleme der Wirtschaftsgeschichte*. (Tübingen: Mohr. 1920. 36 M.)
- BOGART and THOMPSON. *The industrial state, 1870-1893*. Centennial history of Illinois, vol. IV. (Springfield: Illinois Centennial Commission. 1920. Pp. 553.)
- BOTHE, F. *Frankfurt's wirtschaftlich-soziale Entwicklung vor dem dreißigjährigen. Kriege und der Fettmilchaufstand*. (Frankfurt: Baer. 1920. 60 M.)
- BOTSFORD, G. W. and J. B. *A brief history of the world, with especial reference to social and economic conditions*. Revised edition. (New York: Macmillan. Pp. xv, 554.)
- BRODNITZ, G. *Das System des Wirtschaftskrieges*. (Tübingen: Mohr. 1920. 20 M.)
- BRUCE, A. A. *The Non-Partisan League*. Citizen's library series. (New York: Macmillan. 1920.)
- BURCH, H. R. *American economic life in its civic and social aspects*. (New York: Macmillan. 1921. \$1.72.)
- BÜRGER, O. *Chile. Als Land der Verheissung und Erfüllung für deutsche Auswanderer. Eine Landes- und Wirtschaftskunde*. (Leipzig: Dieterich. 1920. Pp. viii, 272. 21 M.)
- CABIATI, A. *Problemi commerciali e finanziari dell'Italia*. (Milan: Treves Fratelli. 1920. 4 l.)
- CHART, D. A. *An economic history of Ireland*. (London: Unwin. 1920. 5s.)
- CHEYNEY, E. P. *An introduction to the industrial and social history of England*. Revised edition. (New York: Macmillan. 1920. Pp. xiii, 386.)
The last two chapters of the old edition, covering the period since the Industrial Revolution of the eighteenth century have been recast in four, and have been extended down to the period of Guild Socialism and Whitley Councils, adding some fifty pages to the book. The book has long been recognized as an excellent manual, accurate in matters of fact, well proportioned, clear and interesting. The revision has distinctly enhanced its usefulness. C. D.
- CLAY, A. T. *Babylonian business transactions of the first millennium, B.C.* Part I of Babylonian records in the library of J. Pierpont Morgan. (New York: Yale Univ. Press. 1921. \$4.)
- DINGLE, E. J. *The new atlas and commercial gazetteer of China*. (New York: Dutton. 1921. \$160.)
- FISK, H. E. *The Dominion of Canada; its growth and achievement*. (New York: Bankers Trust Company. 1921. Pp. 174.)
- FLEGEL, K. *Die wirtschaftliche Bedeutung der Montanindustrie Russlands und Polens und ihre Wechselbeziehungen zu Deutschland*. (Leipzig: Teubner. 1921. Pp. viii, 101. 5 M.)

- GOLDSCHMIDT, A. *Die Wirtschaftsorganisation Sowjet-Russlands*. (Berlin: Rowohlt. 1920. Pp. 307.)
- HAMMOND and JENKS. *Great American issues*. (New York: Scribner. 1921.)
- HAUSER, H. *Travailleurs et marchands dans l'ancienne France*. (Paris: Alcan. 1920.)
- VAN HOUTTE, H. *L'histoire économique de la Belgique à la fin de l'ancien régime*. (Gand: Van Rysselberghe & Rombaut. 1920. Pp. 588.)
- IWASAKI, U. *The working forces in Japanese politics. A brief account of political conflicts, 1867-1920*. Columbia University studies in history, economics, and public law, vol. XXVII, no. 1. (New York: Longmans. 1921. Pp. 141.)
- JOHNSTON, T. *The history of the working classes in Scotland*. (Glasgow: Forward Pub. Co. 1920. Pp. 408.)
- JUSSERAND, J. J. *The economic situation in France*. (New York: Jean de Sieres, 2 Rector St. 1921. Pp. 5.)
- KIRKALDY, A. W. *Industry and finance; supplementary volume; being the results of inquiries arranged by the section of economic science and statistics of the British Association, during the years of 1918 and 1919*. (New York: Pitman. 1921. \$2.10.)
- VAN DER KLOOT MEYBURG, W. *De economische ontwikkeling van een Zuid-hollandisch dorp (Oudshoorn) tot in den aanvang der twintigste eeuw*. (The Haag: Nijhoff. 1920. 5 Fl.)
- KNOWLES, L. C. A. *The industrial and commercial revolutions in Great Britain during the nineteenth century*. (London: Routledge. 1921. 6s. 6d.)
- KOPPERS, W. *Die Anfänge des menschlichen Gemeinschaftslebens im Spiegel der neuern Völkerkunde*. (München-Gladbach: Volksverein-Verlag. 1921. Pp. 192. 7 M.)
- LINGLEY, C. R. *Since the Civil War. The United States*, edited by Max Farrand, vol. III. (New York: Century Co. 1920. Pp. 635.)
Contains the following chapters: Economic foundations of the new era; Transportation and its control; Industry and laissez faire; The rise of the wage earner; Monetary and financial problems; Economic and political tendencies since 1896.
- LIPPINCOTT, I. *Economic development of the United States*. (New York: Appleton. 1921. Pp. 691. \$3.50.)
To be reviewed.
- LUTTIG, J. C. *Journal of a fur-trading expedition on the upper Missouri 1812-1813*. Edited by S. M. DRUMM. (St. Louis: Mo. Hist. Soc. 1920. Pp. 192.)
- McKNIGHT, W. A. *Ireland and the Ulster legend; or, the truth about Ulster*. (London: King. 1921. Pp. 96. 2s.)
Contains economic material in regard to population, agricultural holdings, and taxation.

- MARSHALL, L. C. and LYON, L. S. *Our economic organization*. (New York: Macmillan. 1921. \$1.88.)
- MEISSNER, K. *Die Entwicklung der japanischen Eisenindustrie während des Krieges*. (Hanover: Hahn. 1920. 7 M.)
- NEARING, S. *The American empire*. (New York: Rand School of Social Science. 1921. Pp. 266. Paper 50c, cloth \$1.)
A socialist interpretation.
- NICOLI, P. *La scuola del popolo in Italia e i suoi immediati problemi*. (Bologna: Nicola Zanichelli. 1920. Pp. 124. 3.50 l.)
- NIES, J. B. and KEISER, C. E. *Historical religious and economic texts and antiquities*. (New Haven: Yale Univ. Press. 1920. \$10.)
- NOYES, P. B. *While Europe waits for peace*. (New York: Macmillan. 1921.)
- NUTTER, G. R. *The Boston Chamber of Commerce and the future of New England*. (Boston. 1921.)
- PETTIGREW, R. F. *The course of empire*. (New York: Boni & Liveright. 1921.)
- PFÖHL, E. *Wirtschafts-Atlas des tschecho-slowakischen Staates*. (Reichenberg: Stiepel. 1920. 218 Kr.)
- RANSOME, A. *The crisis in Russia*. (New York: Huebsch. 1921. \$1.50.)
- REES, J. F. *A social and industrial history of England, 1815-1918*. (New York: Dutton. 1921. Pp. 197. \$2.)
- SARTORIUS VON WALTERHAUSEN, A. *Deutsche Wirtschaftsgechichte, 1815-1914*. (Jena: Fischer. 1920. Pp. x, 598. 50 M.)
- SCHREFFER, K. *Das Handwerk in der neuen Wirtschaft*. (Munich: Duncker & Humblot. 1920. Pp. 132.)
- SOUTHARD, A. E. *Eritrea. A Red Sea Italian colony of increasing interest to American commerce*. Special consular reports, 82. (Washington: Bureau of Foreign and Domestic Commerce. 1921. Pp. 167.)
- SPRINGER, L. *Some aspects of financial and commercial after-war conditions*. (London: King. 1921. Pp. 118. 5s.)
- SQUIRE, G. C. *A history of the Chartist movement*. (London: Constable. 1920. Pp. 316.)
- VERA ESTANOL, J. *Carranza and his bolshevik régime*. (Los Angeles: Wayside Press. 1920. Pp. viii. 247.)
- VISSERING, G. *International economic and financial problems*. (London: Macmillan. 1920. Pp. 107.)
- . *Problèmes internationaux économiques et financiers*. (Paris: Giard & Brière. 1920. Pp. 116.)
- WOOLF, L. *Economic imperialism*. Handbooks of international relations, edited by G. L. DICKINSON. (New York: Harcourt, Brace & Howe. 1920. Pp. 111. \$1.)
- ZAHNBRECHER. *Die Wirtschafts- und Sozialpolitik der bayerischen Volks-*

- partei im bayer. Landtag 1919-1920.* (Munich: Bayer. 1920. 8 M.)
- ZIMAND, S. *Modern social movements.* (New York: H. W. Wilson. 1921. \$1.80.)
- Economic survey of certain countries specially affected by the war at the close of the year 1919.* (London: H. M. Stationery Office. 1920. Pp. 118.)
- Economisch-historisch jaarboek. Bijdragen tot de economische geschiedenis van Nederland.* (The Haag: Nijhoff. 1920. 9.60 fl.)
- Information respecting the Russian soviet system and its propaganda in North America.* (Ottawa: Dept. Labour. 1920. Pp. 18.)
- Was kann Deutschland leisten?* (Berlin: Hobbing. 1920. Pp. 164.)

Agriculture, Mining, Forestry, and Fisheries

The World's Food Resources. By J. RUSSELL SMITH. (New York: Henry Holt and Company. 1919. Pp. 634.)

The reviewer took up this book in the hope that the author, who is professor of economic geography in Columbia University and was officially connected with the War Trade Board during the war, would, out of the war-time interest in food supply problems, throw new light on the world's ability to feed its rapidly increasing population. This hope was by no means in vain, but the reviewer found his main object in reading the book falling into the background behind the absorbing interest of the pages which the author devotes to the geography, and the productive technique of the various actual and possible food resources, from our staple and conventional wheat, beef, and potatoes to dehydrated vegetables, Mexican peppers, Corsican acorns, Manchurian millet (twelve feet high!), esoteric tropical fruits, and the (presumably) edible pteropods "floating about in unnumbered billions waiting for some constructive servant of humanity to tell us . . . conservative landmen how good they are and how to use them." Transmuting into an organic whole technical and statistical data which must have been laboriously collected from a thousand official sources, and enlivening the whole by the results of travel, observation, and imagination, the author has crowded into five hundred octavo pages a mass of encyclopedic information which he presents in a style so rapidly flowing that one takes a sort of joy ride through the exposition, arriving one scarcely knows where or how, but with the pleasant sensation of having had an interesting and enjoyable trip. All of which is a tribute to the popular readability of a book on a dry subject which most people avoid as likely to be statistical, and is not at all necessarily an indication that the book is lacking in scientific quality. True, it lacks the show of serried ranks of statistical tables (maps and graphs serving the

author's purpose sufficiently), but one may go to the sources for these things if one thinks they will throw any considerable light on the future, which must after all be largely a matter of conjectural projection.

In the concluding hundred pages, the book comes to the point of specific interest to the population theorist—the ultimate food supply, its sources, and the social and political conditions which must exist for its production and distribution to the oncoming billions whose prospective advent strikes no terror in the optimistic author and arouses no note of protest from him. Had he simply set forth in a matter-of-fact and not (as seems sometimes the case) an overly-enthusiastic estimate of future resources, one might review the book from the standpoint of factual exposition and let it go at that. But in these last pages, and here and there throughout, are implications and viewpoints which cannot, in the reviewer's opinion, but make the book, with all its valuable call to efficient agriculture, organized marketing, and the rational socializing of production, a dangerous one in the hands of the uncritical popular reader too ready to turn a deaf ear to Malthusian warnings and still unappreciative and unfearful of the untoward results likely to flow from redundant multiplication.

The point of view of the main portion of the book seems to be a frank acceptance of the "scientific," matter-of-fact mechanicalism of the machine era, except in the concluding chapters where a point of idealism with regard to the necessary social organization brings in suggestions which, carried out in practice, would lead to socialism, or at least to a much greater amount and efficiency of social control over productive and distributive processes than anything contemplated in the present era. Expansion of the earth's population into the scores of billions is apparently looked for and approved. There is no question raised as to the value of individual life under such density, the type of culture that could survive, or the effect of such multiplication on democracy. One gathers from the discussion of the control of the tropics, however, that democracy would go by the board. There is nothing but admiration for those peoples whose unrestrained multiplication has brought them to the "ultimate garden stage" of agriculture, and no question as to what happens to the human spirit, or becomes of the things that are supposed (erroneously perhaps) to make life worth living, among those peoples in which the unprivileged masses spend all their waking time transplanting rice plants in noisome quagmires or laboriously portering soil and compost up to narrow hillside terraces held in position by masonry retaining walls. The temperate zone, brought as yet in only a few scattered spots to the garden stage, still holds boundless possibilities for increase in food production. There is no denying that the author makes out his case here—but only on an

engineering and technical basis. The economic aspect of the matter, involving the law of diminishing returns and increase in labor cost, does not much occupy his attention or deter his enthusiasm, although he does incidentally find satisfaction in the machine methods of rice production in the United States in contrast to the Oriental mode, and indulges in some speculations as to the possible applications of electricity to agriculture.

The future boundless food resources, however, will be found in the tropics. The only prerequisites to subsisting the manufacturing temperate zones off of tropical agricultural production are a teeming tropic native population and political and economic control of those prolific regions by the ruling, ascendant white man. That this would mean, as it has meant, forced labor, and a master-and-servant relation between races, the author does not seek to disguise. The British, we are told, "took possession of Bagdad in March, 1917, and immediately set the natives to work on canal digging." Phenomenal profits to be gleaned in cocoanut plantations operated with attractively low paid labor in the South Seas are noted. One wishes, however, that the author had read recently Robert Louis Stevenson, or that delightful yet sombre book of Frederick O'Brien's, *White Shadows in the South Seas*, for a more sympathetic conception of what white commercial exploitation has meant to these islands.

The white man, it is admitted, cannot stand the tropical climate. Tropic population must continue to consist almost entirely of acclimated native black, brown, and yellow races. "Left to their own desires, these men . . . have never yet developed even a second-rate power or civilization and have fallen an easy prey to colonizing [?] European powers. . . . Apparently thus only will these untouched continents yield unlimited amounts of rice and rubber . . . and a host of tropical products which we can buy with our northern goods" (p. 593). Contrary to the fears of such writers as C. H. Pearson (whose interesting book, *National Life and Character* is not, however, cited), "the white races . . . have nothing to fear from three or five or ten billions of black, brown, or yellow people in the torrid zone. They would be non-militant agriculturists, carrying out as now the instructions of white men" (p. 594). Thus, in a paragraph, are set at rest Japanese imperialistic ambitions, the yellow peril, and political insurgency in India, to say nothing of our own equivocal position in Haiti. And thus we are led blandly and almost seductively into a comfortable acquiescence in forced labor, probable peonage, and tropical exploitation, with the old, stock excuse of aggression that these people are lazy and shiftless "when left to their own desires" and that in spite of their non-militant character they always suffer, in the absence of Dutch East India Com-

panies and French colonial troops, "wars, murders, piracies, slavery and pestilences." These unfortunately backward peoples might answer with a *tu quoque* to New York state whose automobiles killed 1400 people last year, or to the city where a crime wave of unusual proportions is now raging within call of Columbia University, or to England whose coal mines alone kill an average of 1200 men a year and injure 50,000 more so that they are incapacitated for from one to three months. It is a curious fact also that the Marquesans and the Hawaiians suffered no pestilences until white traders brought them the boon of tuberculosis and syphilis, which have rendered them nearly extinct races, or that the plague, cholera, and yellow fever, against which the western world is compelled to maintain an expensive and rigid quarantine system, reap their grandest harvests in just those regions where agriculture has reached the garden stage and population the saturation point.

Having once touched upon the philosophy of the population question, it is to be regretted that the author did not look at the other side of the equation, population = food supply. Had he done so, he need not have said less about increasing food, but he probably would have found space to say something about the possible desirability of a rationally limited birth rate. That he has not done this is perhaps due to the fact that he unconsciously holds to the class, and to the race-superiority, viewpoint.

Yet that he is far from acquiescent in the present, planless, selfish, profit-motivated organization of society is evident. "If this war will teach us anything it will teach us to draw the contrast between profits and service, business and living" (p. 573). And so we are given striking illustration in some of the most suggestive of these pages of the criminal inefficiency and costliness of our unorganized marketing. The unlocking of the gates to a bountiful food supply laid down at our doors without waste and at reasonable cost awaits the advent of a society which can plan for its organic needs organically and not leave them to the tender mercies of scheming commission merchants, tenant farmers skinning the land, and suchlike undesirable citizens. Whether such organization and collective intelligence can be had short of socialism, or whether socialism itself as popularly understood could compass the task, the author does not inform us.

The discussion of the sources and future supply of fertilizers is fragmentary and unsatisfactory. Insufficient attention is given to the problem of "permanent" agriculture. And the treatment of future sources of power seems in places fantastic. The limits to mechanical and material progress, a point so admirably brought out by Julius Wolf in his *Die Volkswirtschaft der Gegenwart und Zukunft*, 1912, is entirely overlooked.

In short, in spite of its interesting quality, its command of facts, and its undoubtable utility both as a readable book and a work of reference, the book is, from economic and ethical standpoints, deficient.

A. B. WOLFE.

University of Texas.

NEW BOOKS

- AEREBOE, F. *Allgemeine landwirtschaftliche Betriebslehre.* (Berlin: Parey. 1920. 48 M.)
- BATTLE, J. R. *The handbook of industrial oil engineering.* (Philadelphia: Lippincott. 1920. Pp. viii, 1131.)
- BROWN, R. N. R. *The principles of economic geography.* (New York: Pitman. 1921. Pp. xv, 208. \$4.)
- CURR, A. L. *Commercial geography. An intermediate textbook.* Second edition. (New York: Macmillan. 1921. Pp. viii, 440. \$2.40.)
- CUSHING, S. W. and HUNTINGTON, E. *Principles of human geography.* (New York: Wiley. 1921. Pp. 430. \$3.50.)
- DELAISI, F. *Le pétrole.* (Paris: Payot. 1921. Pp. 156.)
- FINLAY, J. R. *The cost of mining.* Third edition, revised and enlarged. (New York: McGraw-Hill. 1920. Pp. xi, 532. \$6.)
- FIPPIN, E. O. *Rural New York.* (New York: Macmillan. 1921. \$2.50.)
- FISHER, C. B. *The Farmers' Union.* Studies in economics and sociology, no. 2. (Lexington: Univ. of Kentucky. 1920. \$1.)
- GOODMAN, R. B. *The price of lumber. An address delivered at Yale University, January, 1921, under the auspices of the School of Forestry.* Lumber industry series, no. 1. (New Haven: Yale Univ. School of Forestry. 1921. Pp. 29.)
- GREEN, R. M. *Cost and price tendencies on the farm.* Missouri Station cir. 97. (Columbia. 1920. Pp. 8.)
- GRUNEWALD, H. *Die Kohle als Grundlage unseres Wirtschaftslebens.* (Berlin: Zentralverlag. 1920. 1.40 M.)
- HODGES, F. *Nationalization of the mines.* (New York: Seltzer. 1921. Pp. xii, 169. \$1.75.)
- LANZONI, P. *Geografia economica commerciale universale.* Vol. I. (Milano: Hoepli. 1920. 6.50 l.)
- LAUR, E. *Die Einführung in die Wirtschaftslehre des Landbaus.* (Berlin: Parey. 1920. 32 M.)
- LEGENDRE, R. *Alimentation et ravitaillement.* (Paris: Masson. 1920. Pp. 327.)
- MCLEISH, J. *The production of iron and steel in Canada during the calendar year, 1919.* (Ottawa: Mines Branch. 1920. Pp. 45.)
- MAMMEN, F. *Die Produktionskosten in der Landwirtschaft.* (Dresden: Globus. 1920. 3 M.)

PEARSE, A. W. *The world's meat future*. Second edition. (New York: Dutton. 1921. Pp. xvi, 335. \$8.)

PIETSCH, M. *Die Wolle. Schafwolle und andere tierische Wollen*. (Leipzig: Bitterling. 1920. 8.40 M.)

ROSS, V. *The evolution of the oil industry*. (Garden City: Doubleday. 1920. Pp. xvi, 178. \$1.50.)

This book is not designed as a scientific treatise. Its purpose is to give in interesting and readable form the origin and growth of the petroleum industry, including an understandable discussion of the present position of the industry and the policy that should be pursued if the United States is to maintain its present position in the industry. In the respects named above the volume abundantly fulfills its mission. Mr. Ross includes chapters on Petroleum in History and Legend, What is Petroleum? The Dawn of America's Petroleum Industry, and Petroleum as a World Industry. There are interesting chapters on such technical problems as the composition of petroleum, locating the sources, methods of drilling, processes of refining, uses of the by-products, and methods of transportation.

The last chapter is devoted to Petroleum in the Future. The author is of the opinion that the petroleum companies "should be encouraged by all the power and influence their government can exert to acquire foreign sources of supply wherever available." He points out that this is a most vital question for the United States because if our supply is to be maintained at the present level for an extended period the American oil industry must look abroad for reserves. The need for this policy is the more apparent because the American reserves have been heavily drawn upon and our supplies will be exhausted long before those of other parts of the world which as yet have been but little exploited. The United States will be seriously handicapped if its ships abroad are eventually compelled to rely on foreign companies for fuel. It is already the policy of some foreign properties to restrict the acquisition of oil properties to their own citizens. This policy would largely exclude capitalists of the United States from the development of foreign resources unless diplomatic pressure is used to secure more favorable treatment. In this connection the author says: "It must be plain to the most inexperienced reader that in the case of Asiatic and East-European fields, however, American oil interests are powerless to achieve influence and obtain due recognition without the diplomatic assistance and coöperation of their home government. This coöperation is necessary, if they are to secure equal rights under international law that will serve not merely as a check upon any possible unfair discrimination, but enable them to secure workable international agreements." Without government coöperation, "the future is fraught with hazard to an industry that stands as a monument to American organizational genius."

ISAAC LIPPINCOTT.

SHEPPERSON, A. B. *Cotton facts*. Revised by C. W. SHEPPERSON-BULL. (New York: Shepperson Pub. Co. 1920. Pp. lxxiv, 162.)

SPENCE, H. S. *Phosphate in Canada*. (Ottawa: Mines Branch. 1920. Pp. 146.)

TEELE, R. P. *The western farmer's water right*. Bull. No. 913. (Washington: United States Dept. of Agriculture. 1920. Pp. 14.)

- THIEME, E. *Der wirtschaftliche Aufbau der Hanauer Edelmetallindustrie*. Ergänzungsheft der Zeitschrift für die gesamte Staatswissenschaft, LIII. (Tübingen: Laupp. 1920. Pp. ix, 144.)
- WYGODZINSKI, W. *Agrarwesen und Agrarpolitik*. (Berlin: Verein wissenschaftl. Verleger. 1920. 2.10 M.)
- Agricultural almanac for 1920*. Farmers bull. 1202. (Washington: Dept. Agri. 1921.)
- Annual report on the mineral production of Canada during the calendar year 1918*. (Ottawa: Mines Branch. 1919. Pp. 82.)
- Cotton production and distribution, season 1919-1920*. Bull. 145. (Washington: Census Bureau. 1921. 15c.)
- The farm loan contract*. Farmers bull. 1164, reprint. (Washington: Dept. Agri. 1921. 5c.)
- Livestock and animal products statistics, 1909-1919*. (Ottawa: Dominion Bureau of Statistics. 1921. Pp. 181.)
- Milk production*. Interim report of Agricultural Costings Committee. (London: H. M. Stationery Office. 2d.)
- Tenth Annual report by the Director of the Bureau of Mines*. (Washington: Dept. of the Interior, Bureau of Mines. 1920. Pp. 149.)
- World atlas of commercial geology*. Part I. *Distribution of mineral production*. (Washington: U. S. Geol. Survey. 1921. Pp. 72. \$2.)

Manufacturing Industry

- Central Electric Light and Power Stations with Summary of the Electrical Industries, 1917*. Prepared under the direct supervision of EDMUND E. LINCOLN. (Washington: Bureau of the Census. 1920. Pp. 184.)

To the economist this report is of great significance. It is important because it is the first thoroughly comprehensive statistical study of the local utility industries—particularly that of furnishing electric energy—ever made by a trained economist. It also has far greater importance than the ordinary statistical census report because of the sidelights it throws on fundamental questions of economics. Dr. Lincoln's previous writings and the poise and absence of bias in his point of view toward utilities inspire the reader with great confidence in the permanent value of the report.

Already the Census Bureau has published three separate reports covering the utility industries, those of 1902, 1907, and 1912, so that comparisons of certain important figures are available for a considerable period of time.

One of the most interesting and instructive of these comparisons is that between the electric light and power central stations on the one hand and the electric railroads on the other. It appears, for illustra-

tion (Table 1), that in the decade from 1907 to 1917 the number of central light and power stations increased over one third (39 per cent), while the electric railways have increased only one twentieth (5 per cent); the total capitalization of the former has trebled from one billion dollars to three billion dollars, while the capitalization of the trolley lines has increased less than 40 per cent. Or, looking at the matter in another way, in 1902 there was nearly five times as much capital invested in the electric railways as compared with the lighting and power properties, whereas in 1917 there was not twice as much. Nor is the explanation far to seek. In the five years from 1912 to 1917 the net receipts of the central stations rose from sixty-seven million dollars to one hundred million dollars, whereas those of the trolley lines actually decreased from eighty-eight millions to eighty-one millions of dollars. In both 1912 and 1917 the central stations were making about the same percentage of net profit, 3.1 per cent, on their capitalization and, although a considerable proportion of this capitalization was represented by common stock unjustified by material investment, there is no reason to assume that the proportion was greater in one year than in another. We may therefore assume that for the central station industry as a whole, in spite of the increase in invested capital of about 50 per cent and in spite of the remarkable increase in technical efficiency and the widening use of electric energy, the rate of return on the investment has remained relatively and absolutely constant. Two observations are pertinent. The economies resulting from improved technique have been handed on undiminished to the public in the form of retarded rate increases. And furthermore the industry as a whole has reached a kind of point of equilibrium where there is neither increased nor decreased return on additions to the total capital investment. But the trolley lines show a far different situation. In 1912 they returned 2.1 per cent on the total capitalization; in 1917, 1.4 per cent—only two thirds as much.

It is impractical, within the space of a periodical review, to give even a cursory summary of the statistics presented in this report. Two matters, however, seem so important to the student of economics that they call for at least passing notice. They are concerned with the result shown by municipal ownership and operation as compared with private ownership and operation; and also the relative economies in the ultimate cost of electricity delivered to the consumer of small as compared with large generating plants.

The statistics covering municipal plants, though exhaustive, are not as significant as those of the privately owned plants; nor are they as instructive, for the municipal plants do little power business. (The income from power customers is five times as great as that derived from

lighting customers for private plants and about the same for municipal plants. Table 85.) Their equipment is small—an average of only 319 k.w. capacity, whereas that of the private companies is nearly 2,500 k.w. (Table 42). Stations of less than 500 k.w. could not, it would seem to the reviewer, pretend to do much of any power business or even an economical lighting business; yet there are, apparently, many municipal plants with less than 100 k.w. generating capacity. This difference shows itself in relative growth, for, as Dr. Lincoln puts it, "the rate of increase in the revenues of commercial plants has been more than nine times as rapid as the growth in number of stations, while for municipal plants it has been little more than twice as rapid" (p. 115). It shows itself also in the rates. "The average power rate [from which upwards of five sixths of the revenue of commercial plants is derived] charged by municipal stations, 1.08 cents is 50 per cent higher than the average reported by commercial plants" (p. 119). In fact, if one compares the statistics of private and municipal plants, page after page, table by table, the general impression grows that municipal plants in spite of inadequate depreciation charges, the total absence of taxes, and high managerial salaries, are giving the public a poorer service at a higher cost than private plants.

Few problems connected with what one might call production economics are more significant than that of the relative economies, per unit of product, of the large as compared with the small plant. It has been presumed by engineers, bankers, and the public that the larger the central station, the cheaper will be the cost of producing electric energy. And this economy is not only at the switchboard but also at the consumer's meter after adequate distribution expenses are allocated to the output. Theoretical considerations and practical experiments have seemed to justify this presumption, yet no attempts have been made to prove it by a comparison of actual costs gathered and arrayed according to some simple plan. Such a comparison, however, is possible by a careful inspection of the table of comparative costs appended to the report (ch. 10, pp. 126 and following) covering groups of selected central stations ranging from less than 200,000 to more than 200,000,000 k.w.h. annual capacity. Considering for brevity coal fuel steam plants only, it appears that the costs of producing electricity, per unit of output, declined steadily as the plants increased in size up to those of a capacity of from 10,000,000 k.w.h. to 20,000,000 k.w.h. At this range they stood at 2.16 cents per k.w.h. From this point throughout all the ranges of plants of higher capacity the costs per k.w.h. remained at approximately the same figure. The average costs of the nine stations of over 200,000,000 k.w.h. were more than those for the stations between 100,000,000 and 200,000,000

k.w.h. It would appear, therefore, that the costs of producing electricity declined steadily and uninterruptedly as the size of the structure increased, until a point of about 15,000,000 k.w.h. annual capacity was reached. Beyond this point the costs remained relatively constant. In other words, in all plants above this size there was a kind of equilibrium between the economies of large-scale production and the wastes of large-scale production. All economies of production can be obtained in a medium size plant that can be obtained in a giant plant. And, while this conclusion may run counter to some of the accredited notions of engineers, it is quite in harmony with the economies of production of other branches of industry.

There are many sections of the report which throw illuminating side-lights upon the public utility industry at the present time, but none that has a more vital significance to the public issues involved than a little paragraph at the end of page 119. It is a kind of summary of the plight into which the rising costs of commodities and the inelasticity of rates have thrown the utilities of the country. "A large number of plants were operated at a loss in 1917. The total number was 1,164, of which 761 were commercial and 403 municipal. In other words, 18 per cent of all the commercial stations and 17.4 per cent of the municipal stations, after the estimated value of free service have been allowed for, were operated at a deficit during the year."

ARTHUR S. DEWING.

Harvard University.

NEW BOOKS

- HAZARD, B. E. *Organization of the boot and shoe industry in Massachusetts before 1875.* (Cambridge: Harvard Univ. Press. 1921.)
- RESPONDEK, G. *Weltwirtschaftlicher Stand und Aufgaben der Elektro-industrie.* (Berlin: Springer. 1920. Pp. iv, 142.)
- WHEELWRIGHT, W. B. *From paper-mill to pressroom.* (Menasha, Wis.: George Banta Pub. Co. 1920. Pp. 102.)
- A handbook of the Canadian pulp and paper industry.* (Montreal: Canadian Pulp and Paper Assoc. 1920. Pp. 115.)
- The meat packing industry in America.* (Chicago: Swift & Co. 1920. Pp. 88.)
- Standard cotton-mill practice and equipment, with classified buyer's index.* (Boston: National Association of Cotton Manufacturers. 1920. Pp. 247.)

Transportation and Communication

NEW BOOKS

- BRADLEE, F. B. C. *History of the Boston and Maine Railroad; with its tributary institutions.* (Salem, Mass.: Essex Institute. 1921. Pp. 84. \$2.)

DRURY, W. *The significance of transport in the production of wealth.* (London: Francis Hodgson. 1921. 1s.)

GOFF, G. D. *A simple plan to establish the basic principles controlling the establishment of ship values of United States Shipping Board vessels. A discussion and resolutions offered on January 5, 1921, to the U. S. Shipping Board.* (New York: Martin J. Gillen. 1921. Pp. 16.)

IVES, P. W. *The Pere Marquette Railroad Company.* (Lansing: Michigan Historical Commission. 1919.)

The author traces the growth of the Pere Marquette through what he calls the "period of construction" (1857-1900), the "period of exploitation" (1900-1906), the "period of financial difficulties" (1906-1908), the "period of financial collapse and physical deterioration" (1900-1912), and the "period of rehabilitation" (1912-1917). Most of the component lines of the Pere Marquette were lumber roads and their fortunes were subject to the ups and downs of the lumber business. The roads failed to realize the expectation that profitable traffic in agricultural products would develop when the forests had been cleared because settlers were attracted to more desirable land elsewhere rather than to the areas tributary to the Pere Marquette. As a result there was little prospect of paying traffic. Because of this condition the road was led into another line of development, namely, the quest for freight by obtaining through connections with Buffalo and Chicago. Thus the Pere Marquette was led to a policy of combination with other roads and this brought in its train the customary evils of high finance. The author comes to the conclusion that it would be a mistake to restore the Pere Marquette to its old position as a local road for the reason that many miles along the Pere Marquette are unproductive at the present and must remain so for many years to come. That the road may meet its obligations it is thus necessary that it draw upon the traffic of a much wider area than that immediately tributary to the original lines. As to the financial history of the road, the author is of the opinion that many of its misfortunes were due to unscrupulous management, and that the remedy for conditions of this kind is federal control of the issues of railway securities. Dr. Ives has little faith in investigations by other bodies than those that have become thoroughly conversant with railway matters. Investigations by committees of state legislatures are thus subject to criticism. A considerable portion of the volume is given up to maps and charts which show the shifting financial condition of the roads.

ISAAC LIPPINCOTT.

KRAFFT, H. F. *Sea power in American history.* (New York: Century. 1920. Pp. xxii, 372.)

MACKAY, C. H. *International cable communication.* (New York: Commercial Cable-Postal Telegraph System. 1921. Pp. 24.)

MATTOX, W. C. *Building the emergency fleet.* (Cleveland, Ohio: Penton Pub. Co. 1921. Pp. xix, 279. \$5.)

RUSH, T. E. *The port of New York.* (Garden City: Doubleday. 1920. Pp. xiv, 361. \$3.50.)

The book is the product of the "experience and studies of a Surveyor of Customs of the Port." The first nine chapters deal with the history and

development of the port. Emphasis is placed upon the fact that neither those directly connected with the Port of New York nor the country at large appreciate the significance of the Port of New York as a link in the chain of world commerce. During the recent war the Port of New York lost steadily to other ports because it could not take care of the business both in and out of that port. The author urges (ch. 17) the establishment of "free-from-customs-zones" in ports. In a chapter on Port Improvements Still Needed he shows that there is a need for coöperation on the part of the local, state, and federal governments in order to insure sufficient port facilities and their efficient use.

C. O. RUGGLES.

SMITH, W. *The history of the post office in British North America, 1639-1870.* (New York: Macmillan. 1921. Pp. ix, 356. \$8.)

THOMAS, J. H. *The red light on the railways.* (London: Cassell. 1920. 2s. 6d.)

Annual statement of navigation and shipping of the United Kingdom for 1918, with comparative tables for 1914 to 1918. (London: King. 1921. 3s. 6d.)

Comparative railway statistics, United States and foreign countries. Miscellaneous series, no. 35. (Washington: Bureau of Railway Economics. 1920. Pp. 66.)

List of publications pertaining to government ownership of railways. A supplement to bulletin no. 62, covering period between January 1917 and February 1921. (Washington: Bureau of Railway Economics. 1921.)

Railway statistics of the United States of America for the year ended December, 1919. Compared with the official reports for 1918 and recent statistics of foreign railways. Seventeenth year. (Chicago: Bureau of Railway News and Statistics. 1921. Pp. 148.)

St. Louis transit system; present and future. H. BARTHOLOMEW, engineer. (St. Louis: City Plan Commission. 1921. Pp. 36.)

Trade, Commerce, and Commercial Crises

Elements of Marketing. By PAUL T. CHERINGTON. (New York: The Macmillan Company. 1920. Pp. xii, 238. \$2.10.)

Marketing, its Problems and Methods. By C. S. DUNCAN. (New York: D. Appleton and Company. 1920. Pp. xv, 500. \$3.50.)

The appearance of these two volumes reflects the growing interest in marketing as a field for research and systematic study. In general they represent a very real contrast in breadth of treatment and point of view. Mr. Duncan has sought to write a textbook. Mr. Cherington begins his preface with the statement that he has not written a book for beginners. He therefore does not present those details of experience and practice which the scope of Mr. Duncan's accepted task has necessarily included. *The Elements of Marketing* is a brief statement of clean-cut principles deduced from consideration of the marketing functions. This approach, an analysis already made familiar in

Mr. Shaw's *Some Problems in Market Distribution*, and in Mr. Weld's *The Marketing of Farm Products*, has confined the treatment to an outline. The need for the "more accurate" and "real" data which will fill in that outline is reiterated in the course of the development of principles. Mr. Duncan, on the other hand, presents the more complete story which the beginner requires. His discussion proceeds from analysis of the commodity, through analysis of the market, to analysis of the trade organization. Of necessity, therefore, he has included not a little data generally familiar, or gathered from government reports and other secondary sources. His greatest contribution is that of organizing a wide variety of scattered material into a logically developed summary.

Any classification of marketing functions must be more or less arbitrary. Not a little depends upon emphasis. The important thing is that, having made a classification and demonstrated the logic of its use, the outline shall offer a working basis for discussion. This Mr. Cherington's classification affords. An introductory chapter explaining the complex nature of the marketing service and reducing this service into its elements "the marketing functions," is followed by separate chapters devoted to their more detailed consideration: Merchandising functions—assembly, grading, storing, transporting; auxiliary functions—financing, assuming risk, sales functions. It might seem more logical to call financing and assuming risk, the "ownership" functions, utilizing the more general term "auxiliary" to cover the ill defined group of problems included by Mr. Cherington under "sales functions." These are concerned with sales equipment, sales personnel, and relations with the public, which, indeed, hardly seem of equal value with the marketing functions, strictly considered. Mr. Duncan's treatment testifies to the soundness of this functional analysis. His chapter headings frequently correspond to those of Mr. Cherington. One of his function chapters, indeed, that on financing, is much superior to Mr. Cherington's treatment of the same subject, largely because it develops the routine which relates finance, transportation, and storage. Mr. Cherington's treatment in terms of functions alone suffers because it tends to isolate each function and to hide that close relationship which Mr. Duncan has here disclosed. A comparison of the chapters on transportation, on the other hand, illustrates the advantages of Mr. Cherington's method. He limits discussion to a few elements of the transportation service whereas Mr. Duncan touches a variety of topics, some of them superficially.

Although recognition of the incidence of standardization on marketing governs the argument of both writers, there is no statement in terms of general principle. Neither volume contains that emphasis which

would give adequate recognition to the pervasiveness of standardization in the present-day marketing process. Instead, "grading" or "identification"—the one a method of standardizing, the other an attainable result—receive the formal treatment. Only incidentally is the broad general principle introduced. But grading, or what Mr. Shaw and Mr. Weld have called "assorting" or "rearrangement," is in practice the application of the principle of standardization to the work of marketing. Not grades, but standards, are important. In the marketing of farm products, these are attained by grading; and the larger issue is obscured in Mr. Cherington's discussions because his illustrations are taken from the marketing of farm or ranch products: grain, cotton, fruit, wool. But even the work of weighing or measuring in a retail store is the application of generally recognized standards of count, weight, or measure to goods of standardized quality or goods open to inspection. Indeed, sale under brand (identification), to which both volumes devote considerable attention, is dependent upon confidence in the maintenance of standards. For farm products, to be sure, this is largely attained by establishing grades; and doubtless the success of the coöperative organizations in the use of general advertising has unduly emphasized the grading phase. But the tendency toward standardization is not limited to agricultural marketing, nor are its economies effective in that field alone. Almost universally (whether the goods are of Mr. Cherington's class A, goods for manufacture, Class B, equipment, or Class C, goods for retail consumption, or are grouped under Mr. Duncan's "raw materials and food products" or "manufactured articles") the end sought is a standardized product. The machine process, operating with modern cutting tools and measuring devices, with written instructions and close inspection, creates products which are substantial duplicates. One screw is like another screw, one bolt like another bolt; one printing press, lathe, one motor like another; one yard of tire fabric or of sheeting like another; one pound of sugar or one cracker like another. The marketing economy which accrues in handling graded farm products is identical for all standardized goods; tests by experts can be concentrated in a single link of the marketing chain. Thereafter, sale by sample, by specification (description), or by brand (symbol) is substituted for the clumsy and expensive process of sale only after inspection.

Both volumes close with discussion of the costs of marketing and of the problems of eliminating middlemen. Both recognize that the elimination of middlemen does not necessarily mean a lessening in the cost of marketing. The marketing functions must be performed, and attack must rather be made upon uneconomical methods of performing those functions. The presence of the middleman is to be accounted for only

on the basis of service. Does not the presence of the jobber in a marketing chain mean, for example, that the function of assembly is an important part of the marketing problem? Where there are a large number of small producers specializing on a few products, but where a complete retail stock includes a wide variety of products, the jobber economizes the efforts of producers to reach retailers and of retailers to reach back to producers. In general, it is only when the retailer furnishes the outlet for large volume that the producer can afford to take on the administrative work of selling direct; and only when the producer is sufficiently large to support a service of convenience to the retailer equal to that of the jobber that the retailer can afford to deal direct. Here, as elsewhere in business, there must be a balancing of factors.

This variability of governing conditions must be recognized in a book which treats of business detail. Of necessity the business man is intimately concerned with the forces which govern the "short run" routine, just as he is interested in the forces which can be seen to operate only in the "long run." The essential difference between the book on the principles of economics and the book on business practice lies here. To be sure, it is never easy to draw the line between needless repetition, or the mentioning of the obvious, and artificial simplification of problems that are intricate. That these two books, written from such divergent points of view, should have treated so complex a problem without muddying the discussions by involved digressions or evading the difficulties with those comforting phrases "by and large" and "other things being equal," promises that they will interest not a few readers in the business classes. Nevertheless, it is probable that both books will find their largest use in business schools and in colleges. Especially will *Marketing, its Problems and Methods* be welcomed where course offerings are limited to subjects for which texts are available, or where ordinarily satisfactory library facilities have been thought inadequate because of the newness of the material and its scattered condition. The availability of the *Elements of Marketing* will, on the other hand, be limited very largely to those institutions located close to large business centers which afford laboratory facilities for intensive field study. Its most stimulating use will be in connection with the study of such problems as are contained in Professor Copeland's volume.

HOMER B. VANDERBLUE.

Denver Civic and Commercial Association.

NEW BOOKS

COLLINS, J. H. *Straight business in South America*. (New York: Appleton. 1920. Pp. ix, 305. \$2.50.)

Material published earlier in the *Philadelphia Public Ledger* and other journals is here brought together, still retaining its popular style. Mr. Collins first of all gives pertinent observations as to South America: geography, climate, and population. In a series of short chapters upon the tools of the trade, he takes up banking, investments, distributive organization, and advertising. The remaining chapters discuss such topics as American good will in South America, preparation for South American trade, opportunities for the young man in South America. As a whole, the volume is interesting and helpful. Mr. Collins' observations are generally keen, sane, and well judged. He has not come back with ideas that a development of our trade with South America is to be accomplished over night by any magic, but realizes that mutually satisfactory exchange of services and commodities is the only basis upon which a lasting commerce can be built.

H. R. T.

DOUGLAS, A. W. *Merchandising studies of the states, their resources and development*. (New York: Ronald. 1920. Pp. 178.)

The reader who enjoyed Mr. Douglas' *Merchandising* will be very much disappointed in the present volume. It is not a book on merchandising at all, except as its comments on the history, climate, scenery, resources, and society of eight American states may be interpreted as illustrating conditions governing the attack on markets which are assumed to be typical. Anecdotes, literary and historical references, some optimistic prophecy, and not a little of the shrewd philosophy which makes Mr. Douglas' earlier volume so readable, are scattered through the text.

HOMER B. VANDERBLUE.

ELDRIDGE, F. B. *Trading with Asia*. (New York: Appleton. 1921.)

ERDMAN, H. E. *The marketing of whole milk*. (New York: Macmillan. 1921. \$4.)

VON HENTIG, H. *Ueber den Zusammenhang von kosmischen, biologischen und sozialen Krisen*. (Tübingen: Mohr. 1920. 10 M.)

HERMBERG, P. *Der Kampf um den Weltmarkt*. Handelsstatistisches Material herausgegeben vom Institut für Weltwirtschaft und Seeverkehr an der Universität Kiel. (Jena: Fischer. 1920. Pp. 135.)

VON HIRSCHFELD, G. *Das Problem der deutschen Handels und Wirtschaftsinteressen in Süd-Amerika*. (Berlin: Simion. 1920. 3 M.)

KIDD, H. C. *Foreign trade*. (New York: Prentice-Hall. 1921.)

LAMBERT, H. *Paz economica. La liberté des échanges internationaux, fondement nécessaire et suffisant de la paix universelle et permanente*. (Paris: Alcan. 1921. 9 fr.)

LAMPREY, L. *Masters of the guild*. (New York: Stokes. 1921. Pp. 240. \$2.25.)

LARICE, R. *Storia del commercio*. Third edition. (Milano: Hoepli. 1920. 7.50 fr.)

- LAUT, A. C. *The fur trade of America*. (New York: Macmillan. 1921. Pp. xv, 341. \$6.)
- MOLLAT, G. *Volkswirtschaftliches Quellenbuch. Eine Einführung in der Geschichte, der Theorie und den Praxis von Handel, Industrie und Verkehr*. (Osterwieck: Zickfeld. 1920. 15 M.)
- MORSE, H. B. *The trade and administration of China*. Third edition revised. (New York: Longmans. 1921. Pp. xvi, 505. \$9.)
- MOSSDORF, O. *Die Förderung des japanischen Aussenhandels im Weltkriege*. (Berlin: Curtius. 1920. 3.50 M.)
- MUNGER, T. L. *Detroit and world-trade; a survey of the city's present and potential foreign trade and seaboard traffic, and the facilities therefor, with special reference to the proposed St. Lawrence deep waterway to the sea*. (Detroit: Board of Commerce. 1920. Pp. 117.)
- PORTER, E. H. *Constructive economic policies. Coöperation and prices. Needs of present day marketing. Problems of food distribution*. (Albany: N. Y. State Dept. of Farms and Markets. 1921. Pp. 17, 16, 16, 13.)
- ROORBACH, G. B., editor. *The international trade situation*. (Philadelphia: Am. Acad. Pol. & Soc. Sci. 1921. Pp. viii, 227. \$1.)
- SAX, E. *Land und Wasserstrassen, Post, Telegraph, Telephon. Die Verkehrsmittel in Volks- und Staatswirtschaft*, vol. II. (Berlin: Springer. 1919. Pp. ix, 533.)
- SCHMIDT. *Internationaler Zahlungsverkehr und Wechselverkehr. Der Zahlungsverkehr*, vol. 2. (Leipzig: Glöckner. 1919. Pp. x, 406.)
- WILLMS, M. *Zur Frage der Rohstoffversorgung der deutschen Jute-Industrie. Probleme der Weltwirtschaft*, 34. (Jena: Fischer. 1920. Pp. 77. 12 M.)
- Annual statement of trade of the United Kingdom with foreign countries and British possessions in 1919, compared with the four preceding years*. (London: King. 1921. Vol. I, pp. 945, 10s; vol. II, pp. 1093, 6s.)
- Kelly's directory of merchants, manufacturers and shippers of the world. A guide to the export and import shipping and manufacturing industries*. Vols. I and II. 34th edition. (London: Kelly's Directories, Ltd. 1920. Pp. cclxxii, 3235; cxxi, 1800. 50s.)
- Markets of the world; a series of economic maps and statistical abstracts of the principal countries of the world*. (Boston: First National Bank. 1920.)
- Sixty-second annual report, for the year 1919-1920, New York State Chamber of Commerce*. (Albany. 1920. Pp. 81.)

Accounting, Business Methods, Investments, and the Exchanges

- How to Manage Men. The Principles of Employing Labor*. By E. H. FISH. (New York: The Engineering Magazine Company. 1920. Pp. xii, 337.)

A great deal of attention has been directed during the past five years

to personnel administration. A variety of methods and principles have been tried out. Various articles and conferences have emphasized the necessity of establishing employment departments and of formulating practical employment policies. Mr. Fish's book is an attempt to emphasize both the science and the art of handling personnel and to bring together and codify, as it were, the best practices and principles in the employing and managing of labor. While the volume does not mark an epoch in the history of employment management, yet it adds much to the accumulating literature on this subject.

The book is divided into four parts. Part I sets forth the need for a general policy on the part of the management in working out labor relations, the standards for selecting and training employment managers, the machinery for hiring the workers, the rating of labor turnover, and the principles by which to judge the work of the employment department. Part II deals with the problems of the employment manager, such as development of the labor supply, selection, placement, follow-up, attendance and transfer of employees, employment of the office force, employment of women, minors and cripples, and the relation of safety engineering to employment. Part III is concerned with the promotion of industrial relations, the rights and duties of labor, hours, the operation of a commissary department, housing, sanitation, recreation, and reasons for labor turnover. Part IV takes up the subject of industrial education.

The purpose of the volume, so we are told in the preface, is "to help its readers to think, and to think clearly, on the whole matter of the relations between workers and employers." The point of view from which the author writes is that of the management. What he has to say is especially for general managers, employment supervisors, superintendents, and foremen. While these are the special classes to which this work will appeal, yet it will be worthy of the attention of the general reader, the social worker, the industrial educator, and the student of personnel problems in general.

There are some defects in treatment as, for example, too much exhortation, repetition and overlapping, and the inclusion of certain chapters that are too popular for a book on principles. The book is not scientific. It brings forth very little that is new. It is not a textbook on employment management in spite of its subtitle, "The principles of employing labor." While the whole field of employment problems is covered, and while the author usually reaches valid conclusions, yet his treatise lacks the scientific spirit. There are no citations of authority, no footnotes and no bibliographies. There is no attempt to present a theory of employment management, other than merely emphasizing the overworked human factor in industry. He makes no

distinction between the personnel department and the employment department, in spite of the fact that in many plants the latter has to do only with the hiring of employees. While he means by employment management the entire administration of personnel and not simply the selection of the working force, yet he does not put forth any underlying philosophy upon which to evaluate such management. He does not maintain, as he might safely have done, that personnel administration is a major function of staff organization, and that perhaps only upon such grounds can it justify its existence in industrial organization.

In the main, the volume is an excellent, more or less compendious, handbook for managers, superintendents and foremen. It is certainly worth being consulted by every industrial plant that has or is planning to have a personnel department. It is attractively printed, is arranged in short chapters, and will be valuable for collateral reading in a course in employment management. Some of the best chapters are those on Rating Labor Turnover, Developing the Labor Supply, Collective Bargaining, Follow-up in the Shop, The Employment of the Office Force, Safety Engineering as Related to Employment, and The Rights and Duties of Labor.

WALTER J. MATHERLY.

The University of North Carolina.

NEW BOOKS

- ARMSTRONG, G. S. *Essentials of industrial costing*. (New York: Appleton. 1921.)
- BALL, J. S. *Farm inventories*. Farmers' bull. 1182. (Washington: Dept. Agri. 1920. Pp. 31.)
- BASSET, W. R. *Putting a business in balance*. The organization of modern business, no. 10. (New York: Miller, Franklin, Basset & Co. 1921. Pp. 16.)
- BENNETT, G. W. *Accounting, principles and practice*, vol. I. (New York: Biddle Business Publications. 1920. Pp. xli, 430.)
- BERNHARDT, J. *Government control of the sugar industry in the United States. An account of the work of the United States food administration and the United States Sugar Equalization Board, Inc.* (New York: Macmillan. 1920. Pp. 272.)

An article which appeared in the August, 1919, number of the *Quarterly Journal of Economics*, has been expanded into this complete history of the control of the sugar industry, 1917-1920. It is an extremely well written and complete narrative, explaining in essential detail the machinery devised to solve a most difficult problem—that of increasing the sugar supply while keeping down the price. The important agreements, the certificate of incorporation of the United States Sugar Equalization Board, its by-laws, etc., are found in the appendix. There is also a section of statistical tables, and an index.

HOMER B. VANDERBLUE.

BIGELOW, C. M. *Management in the woodworking industry*. (New York: Engg. Mag. 1920. Pp. 300. \$5.)

BLANCHARD, F. L. *Essentials of advertising*. (New York: McGraw-Hill. 1920. Pp. 322. \$3.)

BONBRIGHT, J. C. *Railroad capitalization. A study of the principles of regulation of railroad securities*. Columbia University studies in history, economics, and public law, vol. XCV, no. 1. (New York: Longmans. 1920. Pp. 206. \$2.)

BOYLE, J. E. *Speculation and the Chicago Board of Trade*. (New York: Macmillan. 1920. Pp. 277. \$2.50.)

The history of the Chicago grain market, its organization, and its operations are treated. Emphasis is placed upon the constructive service of the Board of Trade in the establishment and enforcement of fair grading rules and practices, and in the campaigns against bucket-shops and monopolistic combinations of carriers and terminal elevators. The discussion is expository rather than critical, but stiff reasoning is not avoided. The market operations of speculation, future trading and hedging are explained with fullness and lucidity. The chapter on price-making forces is especially timely in view of the recent slump of the grain market. Various appendices contain statistical tables, excerpts from government reports, reproductions of grain trade documents, and an excellent bibliography.

HOMER B. VANDERBLUE.

CANNONS, H. G. T. *Bibliography of industrial efficiency and factory management; books, magazine articles; with many annotations and indexes of authors and of subjects*. (New York: Dutton. 1921. Pp. viii, 168. \$5.)

CARTHAGE, P. I. *Retail organization and accounting control*. (New York: Appleton. 1920. Pp. 349. \$3.)

CHELLEW, H. *Human and industrial efficiency*. (New York: Putnam. 1920. Pp. xviii, 149. \$2.)

CONYNGTON, H. R. *Financing an enterprise*. (New York: Ronald. 1921.)

CROWELL, J. F. *Government war contracts*. Preliminary economic studies of the war, no. 25. Carnegie Endowment for International Peace. (New York: Oxford Univ. Press. 1920. Pp. xiv, 357. \$1.)

DEWING, A. S. *The financial policy of corporations*. Five vols. I, *Corporate securities*, (p. 154); II, *Promotion*, (pp. 173); III, *The administration of income*, (pp. 164); IV, *Expansion*, (pp. 234); V, *Failure and reorganization*, (pp. 228). (New York: Ronald. 1920.)

EAVES, L. *Training for store service. Report of investigations made in the research department of the Women's Educational and Industrial Union*. (Boston: Badger. 1920. Pp. 143. \$2.)

ESQUERRÉ, P. J. *Practical accounting problems: theory, discussion, solutions*. (New York: Ronald. 1921.)

HOOVER, S. R. *Bookkeeping and accounting practice; the Hoover system of modern bookkeeping*. (Chicago: A. W. Shaw. 1920. Pp. 301.)

JONES, E. D. *Industrial leadership and executive ability.* (New York: Engg. Mag. 1920. Pp. 275. \$2.)

JORDAN, H. W. *Debentures: the purpose they serve, and how they are issued.* (London: Jordan & Sons. 1920. 1s. 6d.)

KNAPP, G. O. and MASON, B. B. *A classification of ledger accounts for creameries.* Agricultural Dept. bull. 865, reprint. (Washington: Supt. Doc. 1920. 10c.)

LAWSON, F. M. *Industrial control.* (London: Pitman. 1920. Pp. 130. \$3.40.)

LEIGH, R. *The human side of retail selling.* (New York: Appleton. 1921. Pp. xxi, 228. \$2.)

The Human Side of Retail Selling might appropriately have been called "A Primer in Retail Saleswomanship." Its discussions are based upon the hypothesis that all salespersons are feminine and most of the customers are women. Although its application may not be limited to the problems of the sales employee of a department store, it is evident that the book is primarily addressed to those engaged in a sales capacity in such a store. The presentation of the material is simple, direct, and well organized. Generalities are few. Concrete problems are discussed. Definite suggestions for solving them are given. The author has no fear of the positive, even though retail selling involves that highly variable factor, the human element. It is believed that this work will admirably perform two functions: it will furnish the retail store executive with pointed material for instructional work among his sales people; and it will tend to impress upon the retail salesperson the importance of her position, its dignity, and its responsibilities. It will go far toward convincing the "girl behind the counter" that hers is not the work that can be performed satisfactorily by just anyone who happens to have nothing better to do. The book is an exposition of retail selling as a profession instead of as the mere occupation of "clerk." The point of view is distinctly commercial—how to sell more. The reviewer, for one, has hoped that successful salesmanship would come to be looked upon as ability to influence the buyer in wise choice which in many cases means advice against buying rather than solely the ability to overcome the customer's resistance to purchase.

Two of the five parts deal with secondary considerations, personal hygiene and sales routine. This together with the elementary character of the remaining three parts causes one to question the suitability of the book for use in college and university classes. Whatever the shortcomings of the author's efforts, this is a work that will fulfill the expectations of those demanding the "practical" between bookcovers. ASHER HOBSON.

MAILHOIT. *Modern adviser to grocers.* (Boston: International Publishers. 1921.)

MARTIN, C. C. *Export packing.* (New York: Johnston Export Pub. Co. 370 Seventh Ave. Pp. 723. \$10.)

MEYER, H. H. B. *List of references on scientific management as the basis of efficiency with special reference to the government service.* (Washington: Government Printing Office. 1920. Pp. 22.)

- MORRIS, J. V. L. *Employee training*. (New York: McGraw-Hill. 1921. Pp. 311. \$3.)
- NUSSBAUM, A. *Das neue deutsche Wirtschaftsrecht*. (Berlin: Springer. 1920. 10 M.)
- O'SHEA, P. E. *Employees' magazines for factories, offices, and business organizations*. (New York: Wilson. 1920. Pp. 122.)
- PEZEU, P. *Les hommes qu'il nous faut pour organiser la production*. (Paris: Payot. 1920. Pp. 350.)
- POLEY, A. P. *The history, law, and practice of the stock exchange*. (London: Pitman. Pp. xiv, 368. 7s. 6d.)
- PRATT, S. S. *The work of Wall Street. An account of the functions, methods and history of the New York money and stock markets*. Third edition. (New York: Appleton. 1921. Pp. xiv, 447. \$3.50.)
- RAYMOND, C. H. *Modern business writing; a study of the principles underlying effective advertisements and business letters*. (New York: Century. 1921. Pp. 476. \$2.40.)
- REGAN, J. M. *Financing a business*. (Chicago: LaSalle Exten. Univ. 1920. Pp. xv, 360.)
- ROLLINS, M. *Blue sky laws*. Revised edition, by S. SPRING. (Boston: Financial Pub. Co. 1919. Pp. 454.)
- SCHAUB, L. F. and ISAACS, N. *The law in business problems*. (New York: Macmillan. 1921.)
- SIMPSON, K. *The capitalization of goodwill*. Johns Hopkins University studies in political science, series XXXIX, no. 1. (Baltimore: Johns Hopkins Press. 1921. Pp. 101.)
- SWEET, H. N. *Industrial accounting as an aid to management*. (New York: National Assoc. of Cost Accountants. 1921.)
- THOMPSON, C. B. *Méthodes américaines d'établissement des prix de revient en usines*. (Paris: Payot. 1920. Pp. 127.)
- WEA, E. *Human engineering: a study of the management of human forces in industry*. (New York: Appleton. Pp. 378. \$3.50.)
- Burroughs elementary bookkeeping course*. (Detroit: Burroughs Adding Machine Co. 1920. Pp. 141.)
- The causes of high building costs in Cleveland*. (Cleveland: Chamber of Commerce. 1920. Pp. 39.)
- Handling men*. Course in modern production methods, vol. II. (New York: Business Training Corporation. 1920. Pp. 152.)
- Investors and traders guide*. (New York: Jones & Baker. 1920. Pp. 64.)
- Modern filing, and how to file; a textbook on office system*. Third edition. (Rochester, N. Y.: Yawman & Erbe Mfg. Co. 1920. Pp. 100.)
- Operating expenses in retail jewelry stores in 1919*. (Cambridge: Bureau of Business Research, Harvard Univ. 1920. Pp. 26. \$1.)
- Organization*. Course in modern production methods, vol. III. (New York: Business Training Corporation. 1920. Pp. 147.)

- The practical application of the principles of industrial engineering.* Complete report of the proceedings of the spring national convention, Philadelphia, March, 1920. (Chicago: Society of Industrial Engineers. 1920. Pp. 302.)
- The problem of depreciated investment securities.* (New York: J. H. Oliphant & Co. 1920. Pp. 32.)
- Railroad securities; a course of study issued by the Education Committee, Investment Bankers Association.* (New York: The Association. 1921. \$1.75.)
- Regulations for tobacco warehouses under the United States Warehouse act of August 11, 1916, as amended July 24, 1919.* Circ. no. 154. (Washington: Dept. Agri. 1920. Pp. 33.)
- Salesmanship; the standard course of the United Y. M. C. A. schools.* Book II, *The salesman and his goods.* Book III, *The salesman and his customer.* Book IV, *The salesman and his sale.* (New York: Association Press. 1920. Pp. 201; 202; 202.)
- Securities prices as of March 1, 1913.* (New York: Standard Statistics Co. 1920. Pp. 202. \$6.)
- The wholesale grocery business in January 1921.* Bull. no. 24. (Cambridge: Bureau of Business Research, Harvard Univ. 1921. Pp. 12. \$1.)

Capital and Capitalistic Organization

NEW BOOKS

- BROWNELL, E. E. *Report on the electric railways of Milwaukee, Wisconsin, and other public utility companies for the city of Milwaukee, with historical references on street railways and electrolysis, together with report on a report made by the National Bureau of Standards, November 26, 1918, of electrolytic conditions in Milwaukee for the Railroad Commission of Wisconsin.* Second edition. (Philadelphia: Author. 1920. Pp. 362.)
- BUDGE, C. *Der Kapitalprofit.* (Jena: Fischer. 1920. Pp. xii, 155.)
- DECHESNE, L. *L'économie syndicale.* (Liege: Wyckmans. 1920. Pp. 70.)
- GAY, E. J. *Minority report on Calder coal bill.* (Washington: Nat. Coal Assoc. 1921.)
- WOOLLEY, G. I. *Outline of the law of trusts prepared especially for students of New York law.* Third edition. (Brooklyn: Author. 1921. Pp. 94.)
- Delaware corporations; a digest of the decisions and the law.* (Dover: U. S. Corporation Co. 1920. Pp. 86.)

Labor and Labor Organizations

NEW BOOKS

- BEMAN, L. T., compiler. *Selected articles on the compulsory arbitration and compulsory investigation of industrial disputes.* Debaters' handbook series. Fourth edition, enlarged. (New York: H. W. Wilson Co. 1920. Pp. lxi, 303. \$1.25.)

Contains briefs, bibliographies, and extracts on compulsory arbitration and compulsory investigation, which are separately treated. The editor calls attention to the fact that compulsory arbitration as adopted in Kansas and New Zealand is a very different thing from compulsory arbitration as known in Colorado and Canada. The original edition of this volume was published in 1911, but much supplementary matter has been added.

BING, A. M. *War-time strikes and their adjustment*. (New York: Dutton. 1921. Pp. 329. \$2.50.)

BLACK, F. R. *Should trade unions and employers' associations be made legally responsible?* (New York: Nat. Indus. Conf. Board, 10 E. 39th St. 1921. Pp. 35. 75c.)

COMMONS, J. R. *Industrial government*. (New York: Macmillan. 1921.)

COMMONS, J. R. *Trade unionism and labor problems*. Second series. (Boston: Ginn. 1921. Pp. 823. \$4.)

COMMONS, J. R. and ANDREWS, J. B. *The principles of labor legislation*. (New York: Harper. 1920. Pp. xii, 559. \$2.75.)

The first edition of this book was published in January, 1916, and was noticed in this REVIEW, vol. VI, pp. 654-658. In the five years which have elapsed the book has become a standard authority. The revised and enlarged edition, dated June, 1920, which has now appeared, will, therefore, be welcomed by all students and teachers of the subject. In their revision the authors have left untouched the original statement of principles and have devoted themselves to bringing up to date the facts as to labor legislation. As the authors note in their preface, much new and much amendatory labor legislation has been enacted since the first edition was issued, and the revision greatly increases the value of the work.

G. E. B.

COOKE, M. L., GOMPERS, S. and MILLER, F. J. *Labor, management, and production*. (Philadelphia: Am. Acad. Pol. & Soc. Sci. 1921. Pp. xv, 173. \$1.)

DRAKE, B. *Women in trade unions*. (London: Labour Research Dept. 1921. Pp. 237. 8s. 6d.)

FROST, S. *Labor and revolt*. (New York: Dutton. 1920. Pp. xv, 405. \$4.)

This is a graphic but not scientific story of "Red" designs and artifices to mislead organized labor into furthering the aims of the revolutionists. The author devotes himself to exposing covert aims, to pointing out the sources of danger and to urging fair treatment for labor. He believes that the majority of the organized workers are fair-minded and patriotic and that they have been given legitimate cause for complaint. That offers the revolutionist his chance, and although there are good grounds for hope, we cannot afford to be complacent or inactive. In any event, he holds, labor is to have great power in the future and it is going to be a big task to educate labor up to the just and wise exercise of it. The book gives the impression of exaggeration and lack of discrimination. It contains many facts which are beyond question and of intrinsic importance, but

much of what is offered as evidence is of doubtful value and many of the conclusions are not warranted in their present form of statement.

D. A. McC.

- KUMPMANN, K. *Die Arbeitslosigkeit und ihre Bekämpfung*. (Tübingen: Mohr. 1920. 26 M.)
- LAUCK, W. J. and WATTS, C. S. *The industrial code*. (New York: Funk & Wagnalls. 1921. \$2.)
- LYONS, V. A. *Wages and empire*. (New York: Longmans. 1921. Pp. 96. \$1.75.)
- MILLER, D. H. *International relations of labor. Lectures delivered before the summer school of theology of Harvard University, June, 1920*. (York: Knopf. 1920. Pp. 77. \$1.50.)
- MOON, P. T. *The labor problem and social Catholic movement in France*. (New York: Macmillan. 1921.)
- MORRIS, J. V. L. *Employee training*. (New York: McGraw-Hill. 1921. \$3.)
- RYAN, J. A. *Capital and labor*. (Washington: Nat. Catholic Welfare Council, 1321 Mass. Ave. 1921. Pp. 30. 5c.)
- TEAD, O. *The labor audit. A method of industrial investigation*. (New York: Bureau of Industrial Research. 1921. Pp. 74.)
- . *Building guilds in Great Britain. Story of an experiment in industrial reorganization*. (New York: Journ. Am. Inst. of Architects. 1921. Pp. 25.)
- TEASDALE, E. *The open shop versus the closed shop*. (Seattle: Raymer's Old Book Shop. 1921. Pp. 16. 25c.)
- THOMAS, E. *Industry, emotion and unrest*. (New York: Harcourt, Brace & Howe. 1920. Pp. 255.)
- WALKER, C. R., JR. *National councils in the printing trades*. (Washington: Monthly Labor Rev. 1921. 50c.)
- WATKINS, G. S. *Labor problems and labor administration in the United States during the world war*. Two vols. (Urbana: Univ. Illinois. 1920. Pp. 247.)
- WEBSTER, G. W. *A physiological basis for the shorter working day for women*. (Washington: Women's Bureau. 1921. Pp. 20.)
- WILLIS, W. A. *Trade boards, a practical guide to the operation of the Trade Boards act*. (London: Nisbet Co. 1920. Pp. 112. 4s. 6d.)
- Agenda for the fifty-second annual trades-union congress (Great Britain)*. (London: 1921. Pp. 59.)
- Annual report of the industrial commission for the twelve months ended June 30, 1919*. (Albany: Dept. Labor. 1921. Pp. 330.)
- Executive and technical women in industry; survey of factories, 1919-1920*. (New York: Y. W. C. A. 1921. Pp. 19.)
- The factory council*. (New York: U. S. Rubber Co. 1921. Pp. 14.)

- Joint councils in industry.* (Ottawa: Dept. Labor. 1921. Pp. 20.)
- Health service in industry.* Research report no. 34. (New York: Nat. Indus. Conf. Board. 1921. Pp. 60.)
- Industrial fatigue: boot and shoe industry; iron and steel industry.* Reports of the Industrial Fatigue Board. (London: King. 1921. 1s. 6d.; 3s.)
- List of references on the Kansas Court of Industrial Relations.* (Washington: Library of the Dept. of Labor. 1921. Pp. 10. Typewritten.)
- Problems of labor and industry in Germany.* Special report no. 15. (New York: Nat. Indus. Conf. Board. 1920. Pp. 65. \$1.)
- The opportunity and responsibility of the engineer.* (New York: Am. Soc. of Mechanical Engineers. 1921. Pp. 16.)
- Practical experience with the work week of forty-eight hours or less.* Research report no. 32. (New York: Nat. Indus. Conf. Board. 1921. Pp. 88.)
- Preliminary notes on the boot and shoe industry. Industrial Fatigue Research Board, Great Britain.* (London: H. M. Stationery Office. 1920. Pp. 32.)
- Railroad wage hearings, 1920. Statements made by the Association of Railway Executives, conference committee of managers, before the United States Railroad Labor Board.* (Chicago: Assoc. Ry. Executives. 1920. Pp. 256.)
- Report of chief inspector of factories and workshops for 1919.* (London: H. M. Stationery Office. 1921. 1s. 6d.)
- Report of the Royal Commission of Inquiry into the proposed reduction of the standard working week from 48 to 44 hours.* (Sydney: New South Wales Industrial Gazette. 1921. Pp. 56. 1s.)
- Report of the twentieth annual conference of the Labour party, Scarborough, 1920.* (London: Labour Party, 33 Eccleston Sq. 1921. Pp. 223. 1s.)
- A study of output during the winter months; silk weaving.* Reports of Industrial Fatigue Board. (London: H. M. Stationery Office. 1921.)
- Fifty-second annual report of the Trade Union Congress.* (London: 32 Eccleston Sq. 1921. Pp. 432.)
- Trade unions in Soviet Russia.* (New York: Rand School of Social Science. 1921. Pp. 91.)
- Contains the following chapters: Third general congress of Russian trade unions, March, 1902, summary of proceedings; Lenin's speech at the third congress; The all Russia metal workers union, by A. Ourevitch; The all Russian agricultural workers union.
- Transport workers, wages and conditions of employment of dock labour, court of inquiry.* Vol. I, Report and minutes of evidence. Vol. II, Appendices, documents, and indexes. (London: H. M. Stationery Office. 1921. 6s.; 3s.)
- Two-shift system. Employment of women and children.* Report of Home

Office Committee with evidence. (London: H. M. Stationery Office. 1921. 2s. 8d.)

Money, Prices, Credit, and Banking

Argentine International Trade under Inconvertible Paper Money 1880-1900. By JOHN HENRY WILLIAMS. Harvard Economic Studies. (Cambridge: Harvard University Press. 1920. Pp. xiv, 282. \$3.50.)

This book is largely the outgrowth of an investigation made by the author in 1917 and 1918. After a preliminary discussion of principles, it takes up such topics as Argentine monetary history from 1881 to 1885, the national banking system, the interrelation of borrowings and paper money from 1885 to 1890, the period of the Baring panic, paper money and prices (including wages) in relation to the export and import trade, etc.

In his discussion of principles the author points out, rightly, that in the case of a country on an inconvertible paper standard, "an influx of gold into the country would not raise the price level, nor an outflow of gold lower it, as would be the tendency in a gold-standard country. Gold movements would not, therefore, affect exports and imports in the same way, or by the same means, as they would in a gold-using country" (p. 21). He then goes on to say: "Gold cannot, to be sure, enter into circulation, but gold coming to the country would have quite as much effect upon the value of money as if it had done so. Only, it would be the opposite effect: it would not cheapen money and raise the price level; but would cause money to appreciate and the price level to fall. It would do so by increasing the supply of gold, and thus cheapening gold in terms of paper." And elsewhere (p. 173) the author says: "In spite of this diametrical opposition of the price changes, however, the *same* result as regards foreign trade ensues as would occur in gold countries. With a favorable balance of payments, caused by new borrowings, the imports of the borrowing country are increased, and the exports discouraged; and with an 'unfavorable' change in the balance of payments the contrary set of shifts occurs. Imports diminish and exports increase."

It is, indeed, clear enough that gold coming into a paper-standard country tends to make gold cheaper in terms of paper, to reduce the premium on gold, to raise the value of the paper money in terms of gold. But it is not so clear that the inflow of gold will raise the value of the paper in terms of goods-in-general, i.e., cause "the price level to fall." There is no less paper money in the country than before. There are no more goods than before. There may be fewer goods if the inflow of gold is in settlement of an export of goods. There is, conse-

quently, nothing in such an inflow of gold to make the price level fall, unless it can be shown that the inflow of gold operates to decrease credit or to disincline people to expenditure. It is, of course, entirely conceivable that a falling gold premium might cause some hoarding of the paper money by raising the hope of redemption and might so operate to reduce expenditures and to lower prices, but this is rather a possibility than a certainty. And, at any rate, it needs to be proved and explained for the specific case of Argentina between 1880 and 1900 rather than assumed.

More than this may be said. For if, as the author asserts, an inflow of gold tends to reduce the general price level in terms of the paper money; and if, as some unwary reader may infer and as the author does not deny, the general price level falls just as fast and far as the gold premium, then the author can hardly be right in asserting that "with a favorable balance of payments . . . imports . . . are increased, and . . . exports discouraged," and *vice versa* with an unfavorable balance. Gold, indeed, tends to increase in purchasing power in the countries from which it is flowing. But when these countries are all of Western Europe and the outflow is only to Argentina the effect on European prices would scarcely be pronounced. The inflowing gold, however, will buy less in the paper-money country to which it goes. For the increase of the gold tends to make it less valuable in terms of paper money and able to buy less of the paper money; while paper money prices in such a country may not decline appreciably if at all and are unlikely to decline as rapidly as the premium on gold unless there is some other influence than gold importation operating upon them. Paper money will buy more gold. It therefore becomes more profitable than before to buy gold at home for the purpose of buying goods abroad with this gold. A previous excess of exports, by causing gold to flow in and to become cheaper, makes importation profitable. But if prices should decline with the inflow of gold as fast and as far as the gold premium, such a small country might export in excess of imports, and receive a yearly balance in gold almost indefinitely. There would then be no tendency for exports to decline or imports to increase unless and until prices in the other countries with which the paper-money country traded were appreciably affected.

On the matter of the causation of a premium on gold, the reviewer is constrained to the opinion that the effect of the over-issue of paper money is greatly underrated. Thus, the author refers to depreciation in 1884-85 (p. 104) as being due "quite as much to the collapse of borrowing as to over-issue of paper money." A few pages farther on (p. 112) he says: "When one considers the events of 1884 . . . when an unfavorable balance of payments forced the suspension of specie

payments, there having been no increase whatever in the quantity of paper in circulation; and notes, besides, that in the four subsequent years, 1885-1888, when the balance of payments was increasingly *favorable* to Argentine, the gold premium scarcely rose at all, in spite of an increase of about 68,000,000 pesos in the paper money circulation, the conclusion appears warranted that the balance of payments, dominated as it was by borrowings of foreign capital, exercised a dominant effect upon the gold premium." And again, referring to the years 1888-91 (pp. 136-137), the author expresses the opinion "that the *chief* reason for the depreciation of paper money . . . was the cessation of borrowings, which brought a deficit in the balance of payments . . . and created a demand for gold for export."

It is reasonably obvious that in a country rapidly growing in population and industry, paper money may be increased considerably in volume without there resulting any depreciation of such paper relative to gold, *i.e.*, without an increase of the premium on gold, and without there being any increase of prices. The only effect may be to *prevent* a *fall* in the premium on gold and in prices which would otherwise take place. To minimize the effect of such paper money, then, because during the period of progressive trade activity the premium on gold does not rise or does not rise in proportion to the increased volume of paper money, is to make the subject unduly simple and the statistical evidence misleading.

Again, it is pointed out (p. 147) that in 1894 an increase of the gold premium was contemporaneous with an actual (though small) decrease of paper money. This, however, does not indicate that the volume of currency is not a cause of the premium or even that it is not the main cause. The premium might well rise, despite some decrease of money, not only because previous excessive issues had finally weakened confidence but also and even with confidence, as such, unaffected, because of credit curtailment, business depression, and falling prices in the rest of the world. The excessive issues of paper money might be the main reason for the high premium on gold just because the paper was more redundant, relative to an appreciating foreign currency based on gold, after it (the paper money) had somewhat decreased, than before. There is no intention to minimize, in this review, the significance of temporary conditions purely as such, and especially the balance due to borrowing and interest paying on the up and down fluctuations of a gold premium in a paper-standard country; but the facts which the author presents are not sufficiently complete to justify drawing the conclusion he appears to draw regarding the relative unimportance of over-issue.

One other contention of the author requires our very careful con-

sideration. He very definitely expresses the opinion (p. 174) that "a depreciating paper currency" tends "to encourage exports and diminish imports." It stimulates exports, in the author's view, because the producer for export, receiving a price abroad in terms of gold, can translate that price into a high domestic paper-money price, while certain expenses of production, such as wages and rent, do not rise with corresponding rapidity.

But why should a rise of prices more rapid than a rise in costs stimulate exports as such? If *domestic* prices rise faster than costs may it not be profitable to sell goods at home *rather than* to export them? Surely depreciation of money, in and of itself, does not encourage exports, except as inflation tends to make business in general active. This may be all the author means, but, if so, the problem is incompletely analyzed. The fact is that the special encouragement of exports as compared with sales at home is not dependent upon depreciation as such nor upon rise of selling prices more rapid than rise of costs but upon *a rise in the premium on gold more rapid than the rise in the domestic prices of the exported goods*. If the premium on gold rises more rapidly than prices of goods at home and if foreign prices do not fall, then, indeed, sale of goods abroad is more profitable than sale in the domestic market. But who shall say that a period of further inflation in a paper-standard country would necessarily cause an increase in the premium on gold *first* and a rise in prices *afterwards*? Is not the sequence even more likely, in the ordinary case, to be the other way about? The author contends, in his book, that the high premium on gold seemed largely correlated with the net obligations which Argentina had to meet abroad, and the resulting *demand* for gold for the purchase of exchange or for shipment to settle these obligations. But why should the first effect of a *further inflation* of a paper money already depreciated be to *increase the obligations to foreign countries and cause a greater demand for gold in settlement*? Is not the first effect likely to be a tendency for domestic prices to rise, the second effect a tendency for people to endeavor to escape these rising prices by purchasing abroad, and the third effect a rise in the premium on gold? If this is the sequence, then the inflation, for a while at least, contrary to the author's assertion, may make importation of goods relatively profitable until the gold premium rises about as far as domestic prices. And until the gold premium so rises, exportation may be less profitable than selling at home.

What, then, becomes of the author's inductive verification? The author attempts to show that there was some tendency for Argentine exports to be larger when the gold premium was high, although he admits that because "other things" were not "equal" the correlation is

slight (p. 235). But he apparently shows a high degree of correlation between diminished imports and a high premium on gold (p. 253). The trouble is that the evidence presented, like much of the "inductive verification" of economics, is equally consistent with another theory. It may be true that during the period of the highest premium on gold, exports were slightly increased and imports considerably decreased. But this was not due to inflation, as the author asserts, nor was it due to the high premium on gold. Rather was it probably due to the fact that Argentina had reached the point where her annual obligations for interest payable abroad exceeded new borrowings. Exports would tend to exceed imports in such circumstances equally for a gold-standard country where there was no premium. The gold premium would serve, in the case of a paper-standard country, to encourage exports and discourage imports only because the tendency would be, *in that special kind of situation*, for the gold premium to rise faster than domestic prices. Mere inflation might raise *home prices first* and so encourage buying abroad until this buying abroad increased the gold premium. But an excess of obligations in the form of interest on past borrowings would cause a demand for gold and a rise in the premium faster than and in excess of any rise of prices. This is not to say that previous or contemporary over-issue of paper may not be a fundamental factor in both the high general level of prices and the high gold premium. But granted the inconvertible paper money, the necessity of paying interest abroad, taken by itself, tends to raise the premium and does not directly tend to increase the price level.¹ Under these circumstances, exportation may be encouraged and importation discouraged. Surely, however, to say this is very different from saying even that a high premium on gold, as such, encourages exports and discourages imports; and it is still more different from saying that inflation or depreciation has such effects. To state, as does the author, that a depreciating currency acts to the exporter "like a bounty," the reviewer believes to be incorrect unless the author means merely to assert that producers for export share in the general stimulus to business which inflation sometimes occasions. But to preface the statement by the assertion (p. 174) that the depreciating currency "operates like a protective duty" is to be guilty of inconsistency. For while a protective duty may so restrict imports that exports are temporarily in excess, it in no case actually *increases* exports or acts as bounty upon them, as the author declares that depreciating paper money does.

The reviewer has been at some pains to examine carefully these few

¹ The tendency to encouragement of exports and discouragement of imports, by affecting the volume of goods in the country, may somewhat affect prices. Also, the rise of the premium may conceivably affect confidence and hoarding.

theoretical contentions not only because they seem to be such important parts of this book but also because of a sense of their great importance in any discussion of the economics of international trade and finance. The study before us is valuable as a detailed and painstaking account of most interesting occurrences. It is in places suggestive and is not without value as evidence regarding cause and effect relationships. But the comment which the reviewer feels compelled to make is that we are unlikely to get very far in the inductive verification of economic theories when the theories themselves are not clearly conceived in their sometimes intricate but nevertheless significant ramifications.

HARRY GUNNISON BROWN.

University of Missouri.

Bank Credit: A Study of the Principles and Factors Underlying Advances Made by Banks to Borrowers. By CHESTER ARTHUR PHILLIPS. (New York: The Macmillan Company. 1920. Pp. xiv, 374.)

The aim of this book is to give the student of banking an understanding of both its theoretical and practical aspects. The author approaches the subject from the point of view of the bank statement. After a brief introduction in which he discusses the nature of bank credit, which he defines as "credit extended by banks to borrowers" (p. 1), he shows how a bank statement is gradually built up in the course of the development of a bank's business and then discusses the relation between the different items. In this part of his exposition, which he entitles *Quantitative Aspects of Bank Credit*, he introduces a chapter on what he calls *The Philosophy of Bank Credit* in which the theory of the subject and the principal formulas he employs are developed.

Professor Phillips' contribution to this part of the subject is his criticism of the statement frequently made that an addition to a bank's reserves enables it to expand its loans to several times the amount of such addition; for example, if the reserve percentage is 25, to four times the amount, if it is 10, to ten times the amount, etc. On the contrary, Professor Phillips claims that the amount of loan expansion that can safely be made by the bank receiving the addition to its reserve is only a *little* in excess of such addition. He admits, however, that the proposition he is criticizing is correct if applied to all the banks of a system.

The basis of his argument is the claim that the new loans made by a bank in consequence of an addition to its reserve creates against it-

self adverse clearing-house balances of such magnitude as to take away from it most of the cash received. As he puts it (p. 40):

The sudden acquisition of a substantial amount of reserve by a representative individual bank, other things remaining the same, tends to cause that bank to become out of tune with the banks in the system as a whole. As the individual bank increases its loans in order to reestablish its normal reserve-deposits ratio, reserve is lost to other banks and the new reserve, split into small fragments, becomes dispersed among the banks of the system. Through the process of dispersion it comes to constitute the basis of a manifold loan expansion.

Professor Phillips traces this process of dispersion; works out formulas for the determination of the amount of loan expansion; and gives a detailed analysis of the interrelations of loans, deposits, and reserves.

Professor Phillips anticipates (in a manner not completely satisfying) the criticism certain to be made to his contention: namely, "that the new loans would result in no loss of cash by the lending bank because checks drawn upon the lending bank by its depositor-borrowers against the deposited proceeds of the new loans would be offset by the deposit in the lending bank of a corresponding amount of checks—received by its customers in the course of business—drawn upon other banks in consequence of loans made by those other banks to their depositor-borrowers" (p. 74). His answer is: "If all banks were expanding their loans at the same rate in connection with simultaneous additions to their reserves, the contention would be valid. But additions to the reserves of a banking system, except in the most extraordinary case, are made, at any given time, not by the deposit of cash simultaneously in all the banks of a system but by the deposit of funds in only a small proportion of the banks, whence they are scattered throughout the system" (p. 74).

The weakness of this reply consists in the fact that, in order to make the criticism valid, it is not necessary that additions be made simultaneously to the reserves of *all* the banks in the system but only to those with which the individual bank under consideration is doing business and that the expansion of the loans of the other banks in the system is not solely conditioned upon an addition to their reserves. There is usually, nearly always in fact, a fair margin of surplus reserves which may serve as protection for additional loans, and such additional loans may be, indeed are likely to be, stimulated by the business which caused the loan expansion in the individual bank whose operations are primarily under consideration.

In the judgment of the reviewer, Professor Phillips greatly exaggerates the amount of adverse clearing house balances likely to be occasioned by an expansion of loans and of what he calls "derivative deposits" because he fails to connect such expansion with the business

processes which underly them. The bookkeeping function of commercial banks is primary and fundamental and the amount of offsetting of credits on the books of a particular bank depends much more upon the character of the business of the bank's customers than it does upon the amount and sources of its reserves.

The second part of the book, entitled *Qualitative Aspects of Bank Credit*, includes a chapter in which are traced the changes since the Civil War in "the form of the bank borrower's obligation, the development of the note brokerage business, the rise of the bank credit department, the rise and expansion of the new business department, and the establishment and operation of the Federal Reserve system" (p. 123). This is followed by chapters in which is presented a "detailed analysis of the factors underlying and affecting the quality or soundness of bank advances" (p. 123). This part of the exposition centers about the typical credit statement of a borrower to his bank, and is based upon information derived from "correspondence and interviews with bankers and note brokers" and from "the Proceedings of the American Bankers Association, proceedings of the various state bankers associations, reports of the Comptroller of the Currency and banking periodicals." Professor Phillips has rendered a valuable service by digesting this material and rendering it available to students and bankers.

An appendix containing carefully thought out questions, exercises and problems and another containing forms of borrowers' statements recommended by the American Bankers Association and the report of its committee on credit forms adds to the usefulness of the book as a guide to students and a handbook for bankers.

WILLIAM A. SCOTT.

University of Wisconsin.

NEW BOOKS

BAGSHAW, J. F. G. *Practical banking. With chapters on currency by C. F. HANNAFORD, and bank bookkeeping by W. H. PEARD.* (London: King. 1921. 6s.)

BARKER, J. R. K. *Inconvertible paper money.* (Cape-Town: Townshend, Taylor & Snastall. 1920. Pp. 27.)

BARRAL, J. *L'étalon monétaire de la Société des Nations ou la mesure naturelle des valeurs et des prix.* (Nice: Imp. de l'Eclaireur. 1920.)

BEAN, R. H. *Elements of trade acceptance practice.* (New York: American Acceptance Council. 1921. Pp. 16.)

CHESSE, F. *Costo economico e finanziario della guerra.* (Roma: Athenaeum. 1920. Pp. 139.)

COEYLAS, R. and DE TOMAZ, R. *Problèmes d'après-guerre.* (Paris: Giard. 1920. Pp. 278.)

COHN, A. W. *Kann das Geld abgeschafft werden?* (Jena: Fischer. 1920. Pp. 139.)

COURCELLE-SENEUIL, J. G. *Les opérations de banque, traité théorique et pratique.* Eleventh edition. (Paris: Alcan. 1920. Pp. 742. 25 fr.)

The new edition of this well known treatise contains summary accounts by Professor Liesse of the banking experience of various countries during the war. The discussion of monetary and banking principles has not been changed.
O. M. W. S.

DIEHL, K. and MOMBERT, P. *Zur Lehre vom Geld.* (Karlsruhe: Braun. 1920. 12 M.)

VON DUNGERN, F. *Die Entwertung des deutschen Geldes im internationalen Verkehr.* (Berlin: Sack. 1920. 3 M.)

ELSTER, K. *Die Seele des Geldes.* (Jena: Fischer. 1920. Pp. 370. 38 M.)

FISHER, E. D. *A study of prices.* (Detroit: Bank of Detroit. 1920. Pp. 16.)

FISHER, I. *The present chaos in monetary standards and how to deal with it.* (New Haven: The author. 1921. Pp. 32.)

HAHN, L. A. *Volkswirtschaftliche Theorie des Bankkredits.* (Tübingen: Mohr. 1920. 16 M.)

HAMLIN, C. S. *Index-digest of the Federal Reserve Bulletin, 1915-1920.* (Washington: Federal Reserve Board. 1921. \$2.)

HARE, L. *Currency and prices.* (London: King. 1920. Pp. 74. 2s. 6d.)

"I would fix the value of the currency unit upon as many items of goods and services as possible and not only upon gold; then I would apply statistics of prices to a use to which they have not yet been directly put, to construct a valometer."

HAUPTMANN, M. *Le rôle de l'étalon monétaire dans la crise actuelle.* (Louvain: Imp. Ceuterick. 1921.)

KAULLA, R. *Die Grundlagen des Geldwerts.* (Stuttgart: Deutsche Verlagsanstalt. 1920. Pp. 96.)

KAWASHIMA, S. *The abolition of money.* (Tokyo: The Niyu-sha. 1921.)

KERSCHAGL, R. *Die Währungstrennung in den Nationalstaaten.* (Vienna: Manz. 1920. Pp. 56.)

KNIFFEN, W. H. *The business man and his bank.* (New York: McGraw-Hill. 1920. Pp. xii, 278.)

The purpose of this book is to explain the bank as it appears "to the man who stands before the counter screen." The approach from the customer's point of view leads to chapters on the choice of a bank, how to endorse a check, how to protect a check against forgery, the methods of check collection, and how to read a bank statement. The book is evidently intended for those who are opening an account for the first time, and its usefulness is limited to that purpose.
W. W. S.

KOEHLER, G. *The passing of the gold reserve.* (Washington: Importers First Aid Service. 1920. Pp. 37.)

The author has reached the conclusion that the gold reserve is not worth the cost of maintenance. He proposes, therefore, that the free coinage of gold be discontinued, and that legal tender treasury notes, unsupported by a gold reserve, be issued to meet all domestic currency needs. The quantity of these notes is to be limited to the fiscal requirements of the government and their value maintained by their use in tax payments. The gold of the country may then become a fund for settling adverse trade balances. This, in outline, is the familiar argument of greenbackism. While it shows no acquaintance with the functions to be performed by a monetary system resting upon a gold reserve, it does come near describing the currency systems actually prevailing in the leading commercial countries of the world today.

W. W. S.

KUCZYNSKI, R. *Schulden, Steuern und Valuta*. (Berlin: Engelmann. 1920. 3 M.)

KUHRT, J. W. *A counting house dictionary*. (New York: Dutton. 1921.)

LANGSTON, L. H. and WHITNEY, N. R. *Banking practice*. (New York: Ronald. 1921.)

LANZILLO, A. *Lo stato e la crisi monetaria e sociale post-bellica*. (Milano: Treves Fratelli. 1920. 4 L.)

LAWRENCE, F. W. P. *Why prices rise and fall*. (New York: Oxford Univ. Press. 1921. Pp. 64. \$1.)

LAYTON, W. T. *An introduction to the study of prices*. (New York: Macmillan. 1920.)

LITMAN, S. *Prices and price control in Great Britain and the United States during the world war*. Carnegie Endowment for International Peace. Preliminary Economic Studies of the War, no. 10. (New York: Oxford Univ. Press. 1920. Pp. ix, 331.)

Perhaps there is no subject connected with the great war which attracts attention so universal and so enduring as the subject of prices and the cost of living. This monograph of Professor Litman's gathers the pertinent facts into a statement that makes convenient a comparison between the experiences of Great Britain and the United States.

The author's chief concern has been the assembling and organization of the data to be found in official documents and other contemporary publications. He lets actors in the great drama speak for themselves and avoids any extended exposition or comment. The work abounds with footnote references which make it possible for the reader to expand the study as he may wish to do. Topics which have common application to American and British experience have been discussed in connection with the study of British prices and are not repeated in part II. Among these topics are profiteering, inflation, and industrial unrest. In other respects the two countries are treated separately. The reader is reminded that this is a preliminary study and confessedly incomplete. Much remains to be said on the theoretical aspects of price control, also on the effect of government purchase on civilian consumption and the shift of demand as the result of patriotic appeal.

The author has been careful to present both sides of disputed questions like the causes and effects of inflation, the effect of profiteering on prices.

In doing this, however, he has not left the reader in the dark regarding his own opinion. He evidently regards the inflation of credit as very important, while profiteering is thought to have had little, if any, effect on the general level.

MURRAY S. WILDMAN.

- LOEWY, A. *Mathematik des Geld- und Zahlungsverkehrs*. (Leipzig: Teubner. 1921. Pp. viii, 273. 11 M.)
- LOTZ, W. *Das Papiergeld unter besonderer Berücksichtigung der heutigen deutschen Valutafrage*. Volkswirtschaftliche Zeitfragen, no. 311-12. (Berlin: Simion. 1920. Pp. 56. 6 M.)
- LÜTTKE, H. *Valuta und Weltwährung*. (Berlin: Vobach. 1921. Pp. 31. 2.50 M.)
- MATHEWSON, P. *Acceptances, trade and bankers'*. (New York: Appleton. 1921. Pp. xiv, 372.)
- MEYER, H. *Wesen und Lehre der Geldkrisen*. (Zürich: Bopp. 1920. 12 M.)
- MILLER, J. O. *High prices and the quantity theory*. (London: Sifton, Praed. 1920. Pp. 86.)
- VON ZUR MÜHLEN, L. *Die Oelschiefer des europäischen Russlands*. Osteuropa-Institut, Quellen und Studien, vol. III, no. 4. (Leipzig: Teubner. 1920. Pp. 31.)
- OBST, G. *Wechsel- und Scheckkunde*. (Stuttgart: Poeschel. 1920. Pp. x, 144. 9 M.)
- . *Das Bankgeschäft*. (Stuttgart: Poeschel. 1920. 62.50 M.)
- POHLE, L. *Geldentwertung, Valutafrage und Währungsreform*. (Leipzig: Deichert. 1920. Pp. 56. 3 M.)
- SHIRRAS, G. F. *Some effects of the war on gold and silver*. (London: Royal Statistical Society, 9 Adelphi Terrace. 1920. Pp. 56.)
- SINGER, R. *Das Geld als Zeichen*. (Jena: Fischer. 1920. Pp. vi, 206.)
- SNELL, G. B. *Currency exchange tables*. (Montreal: Thomas V. Bell. 1920. Pp. 43.)
- ST. CLAIR, O. *The physiology of credit and money*. (London: King. 1919. Pp. 170.)

This is a rambling argument about the circulation of money, the relation of credit to prices, and the connection between circulating capital and income. Mechanical analogies, illustrated by diagrams, are used as substitutes for causal analysis. The chief point in the author's theory of price determination is the importance assigned to retail market, "where the values of goods are ultimately determined." Since the retail market is a

cash market, the argument is that credit can affect prices only indirectly; credit cannot raise prices, though it may prevent them from falling.

W. W. S.

STEINER, F. G. *Die Banken und der Wiederaufbau der Volkswirtschaft.* (Vienna: Manz-Verlag. 1920. Pp. 93. 3 M.)

STEINER, W. H. *Some aspects of banking theory.* (New York: W. D. Gray, 106 Seventh Ave. 1920. Pp. 158.)

This is an attempt to present in concise form the fundamentals of the institution of banking, considered as a "specialized technique in the supply of capital." The method of treatment is so abstract, even for a statement which aims at theoretical formulation, as to leave the argument greatly rarefied. This absence of concrete data limits the usefulness of the book as an introductory explanation of banking processes. The effort to get below the psychological and pecuniary level to what the author regards as the real phenomena of credit results in a type of theory the main purpose of which appears to be the arrangement of concepts into a logical system. It is primarily a search for a body of banking principles and only secondarily a consideration of the effectiveness of banking policies.

When so human an affair as banking is reduced to logical ultimates the danger is that the thought may be carried out of touch with those practical problems of credit control which give meaning to banking theory. A definition of banking is quoted from Willis which implies this approach to theory from the viewpoint of actual problems,—problems of "measuring and testing credit and determining its apportionment." In this conception the institution of banking has definite administrative functions to perform, and the task for the theorist is, in view of these functions, to determine the effectiveness of the banking policies actually pursued. It is the absence of this sense of something to be done and the testing of its accomplishment which keeps Mr. Steiner's presentation of banking principles from being a realistic theory of banking. WALTER W. STEWART.

STUART, G. M. V. *Inleiding tot de leer der waardevastheid van het geld.* (The Haag: Nijhoff. 1919. Pp. 188.)

SUPINO, C. *La carta moneta in Italia.* (Bologna: Zanichelli. 1921.)

SÜSS, G. *Das Geldwesen im besetzten Frankreich.* (München: Drei Masten-Verlag. 1920. Pp. 181.)

VALOIS, G. *La monnaie saine tuera la vie chère.* (Paris: Nouvelle Librairie Nationale. 1920. Pp. 120.)

VISSERING, G. *Muntwezen en circulatiebanken in Nederlandsch Indie.* (Amsterdam: De Bussy. 1920. 10 Fl.)

WHITE, B. *The currency of the great war.* (London: Waterlow. 1921. 10s.)

WILLIS, H. P. *Principles of banking.* (New York: Harper. 1921.)

Bank and public holidays throughout the world. (New York: Guaranty Trust Co. 1921. Pp. 160.)

Changes in the cost of living, July, 1914-November, 1920. Research report no. 33. (New York: Nat. Indus. Conf. Board. 1920. Pp. 29.)

La circulation fiduciaire et le marché monétaire en Italie pendant et après la guerre. (Roma: Banque d'Italie. 1920.)

Proceedings of the Arizona Bankers' Association, vol. XIV, seventeenth annual session. (Prescott: Morris Goldwater, Secretary. 1920. Pp. 133.)

Proceedings of the ninth annual convention of the Investment Bankers Association of America. (Chicago: Frederick A. Fenton, Secretary, 111 West Monroe Street. 1920. Pp. 285.)

Contains: Report of the committees on public service securities, pp. 116-131; Present public utility problems, by C. D. Jackson, pp. 132-145; Report of the industrial securities committee, pp. 153-166; Report of the municipal securities committee, pp. 167-173; Report of the committee on railroad securities, pp. 177-188; Report of the committee on syndicate agreements, pp. 189-205; "Transportation act, 1920," in its relation to railway securities, by Robert Walker, pp. 223-237.

Standards of living: a compilation of budgetary studies. (Washington: Bureau of Applied Economics. 1920. Pp. iv, 156.)

This volume is a revised expansion of the previous compilations of studies of living costs made by the Bureau of Applied Economics in 1918 and 1919. It contains summaries or abstracts of the nineteen most important attempts to fix the family budget. The first article is the 1920 "quantity budget" of the United States Bureau of Labor Statistics; the pioneer money budgets of Chapin and Moore are in the later pages.

The compilation is so well done that the serious student can obtain a comprehensive understanding of the principles and the methods of the various budgetary investigations. It makes it comparatively easy for a social worker in any city to determine the cost of living in his community. Indeed, the book is an invaluable tool for any one interested in standards of living and living costs.

F. H. S.

Survey of cost of living in Waterbury, March 1919-March, 1920. (Waterbury: Chamber of Commerce. 1920. Pp. 24.)

Tate's modern cambist.—Twenty-sixth edition. Edited by H. T. EASTON. (London: Wilson. 1921.)

Trust companies of the United States. 1920 edition. (New York: U. S. Mortgage & Trust Co. 1920. Pp. xxxix, 619.)

As usual contains complete returns, maintaining the high standard of the series.

Public Finance, Taxation, and Tariff

Tax Procedure, 1921. By ROBERT M. MONTGOMERY. (New York: Ronald Press Company. 1921.) Vol. I, *Federal Income Tax Procedure, 1921.* (Pp. xii, 1,206. \$8.00.) Vol. II, *Federal Excess Profits Tax Procedure, 1921.* (Pp. vi, 594, \$4; Volumes I and II together \$10.) Vol. III, *New York State Income Tax Procedure, 1921 (Including Corporation Franchise Tax).* (Pp. ix, 682. \$5.00.)

Of the making of income tax rulings there is no end. Hence there

is no end to the making of books to guide the perplexed taxpayer. During 1920 there were more new rulings and regulations than were made in any previous year. The government itself came, very tardily it would seem, to the rescue with a series of "bulletins," and cumulative "digests" of income tax rulings, which already run into huge bulk. The bulletins cover: *Treasury Decisions, Opinions of the Attorney General, Solicitor's Law Opinions, Solicitor's Memoranda, Solicitor's Opinions, Committee on Appeals Recommendations, Committee on Appeals Memoranda, Office Decisions, and Court Decisions*. The income tax rulings, we are officially instructed on the covers of the bulletins, "constitute a source of information from which taxpayers and their counsel may obtain the best available indication of the *trend and tendency* (the italics are mine) of official opinion in the administration of the income and profits tax provisions of the Revenue act." But the officers of the Bureau of Internal Revenue, and perforce the taxpayers, are warned that the "rulings should be used merely *as aids in studying the law*." (Italics mine.) All of which is cited to show that there is still use, possibly more use than ever, for private enterprise to prepare for the taxpayer an intelligent interpretation of the force, meaning, and application of the so-called rulings as well as of the law. The government will not state "thus and so is the law," so the taxpayer must get the best advice he can. Hence no apology need be offered for a new edition of this authoritative guide.

The greatest difficulty with the rulings is that they are, of necessity no doubt, confined to the narrow point immediately before the department in each instance and seldom establish a principle of general applicability; hence, since "there can be no assurance that any new case is identical with the reported case" (a warning printed on all the bulletins), the taxpayer has "no assurance" of anything until his own case has been settled—and even then not until the statute of limitation has run.

The new edition adds to the old all the new rulings. It gives them the same kind of careful, helpful comment and criticism that was found in the earlier editions. Differences of opinion have arisen during the year between the department and the courts, and court decisions have been rendered which are not wholly consistent one with another so that attorneys are now reduced to discussing, as Professor T. R. Powell recently expressed it, "the best psychological evidence of what the Supreme Court will decide." The accountant, however, cannot enter into the psychological realm and our author devotes himself strictly to telling the taxpayer what he must do in the premises, and what he may expect if he doesn't do it, as well as what will happen when he does, and how he may protect his rights so as to take advantage of any

future favorable ruling. It short, he gives that practical advice which the taxpayer wants to have.

It is difficult in the extreme to pick out for the purposes of this review the most important new things in the book and we doubt whether after we have made a few selections others will agree with us as to their importance.

There is, of course, no doubt about the widespread interest in the so-called stock dividend decision (March 8, 1920) although it is fiscally of little importance. This is now accepted law and is fairly well known. Our author refrains from criticism and contents himself with showing how the taxpayer may comply with the law. The regulations even yet do not properly interpret that decision and our author points out wherein the regulation "must eventually conform" to the law. Thus, for example, he says: "It is clear that the recipient of a stock dividend when being taxed on the proceeds thereof is entitled to the benefit of the normal tax which the corporation has already paid on the earnings since March 1, 1913."

Perhaps we may not go altogether astray in selecting the already famous Brewster case, which was decided by the United States District Court of Connecticut, December 16, 1920. Despite the shortness of the time he had, our author makes comment on this case in no less than four appropriate places in his book. In this decision a courageous judge adopts the common man's, or every day, idea of income as being a recurrent series of payments more or less regular in character, and holds that Congress has no power to extend the definition to cover "gains" and "profits" from the sale of capital assets which have appreciated while being held as capital investments. To the economist, as to the layman, there is much of plain common sense about this decision. To the lawyer it will remain, until the Supreme Court speaks, a puzzle whether the sixteenth amendment gave Congress power to tax both income and "gains," "profits," etc., accruing on the capital side of the ledger. Our author does not seem pleased with the decision in the Brewster case, although he refrains from direct comment. But to the reviewer it appears that the decision is right as to the meaning of income; that if it be held to be desirable to tax capital increment values they should not be taxed under the false name of income but as taxable items under some other tax, provided the sixteenth amendment removed the apportionment restrictions from such a tax; that the matter is badly complicated by the statutory permission to deduct business capital losses, depreciation, and obsolescence from income; and, finally, that it would be much better if the correction of the matter could be made by Congress instead of the courts, because a court decision would wipe out so large a part of the war revenues

collected and spent and which for the most part may well be considered part of by-gone history. In short, may we not hope that even if the Supreme Court reverses the decision of Judge Thomas, Congress will revise the law so as to define income as that wise judge sees it. After all is said and done, can there be any increment of value in capital (save by addition from savings) which is not the result of an increase in income current or anticipated? Is not income the cause of capital value, and can an effect be at the same time the cause?¹

Another interesting new item is the opinion of the Attorney General on community income, which as to residents of those states having community property laws, permits husband and wife to divide their income tax returns, each being taxable on one half of the joint personal and property earnings save and except that from pre-marital separate holdings. It is obvious that this lowers the taxes payable by lessening that part of the income subject to the surtax rates. Our author forecasts that this privilege will be extended to residents of other states, either by an amendment to the statute or by the general adoption by taxpayers of expedients already available, such as taking wives into partnership. He very justly remarks that the privileges and benefits resulting from living in California and in the other states having the community property law are already so great that it is hardly necessary to enhance them by a special advantage under the income tax. Possibly the ladies of eastern states may also be relieved of some of their disabilities by this very gallant ruling of the late Attorney General. One thing is certain and that is that the ruling is in line with the better thought as to the application of the income tax to family incomes. Surely there is reason in abating the present surtaxes as far as family income is concerned. We have to refrain for lack of space from discussing other new features of the income tax law so ably presented by our author.

The excess profits tax is still with us, despite the fact that our author was rash (he says "optimistic") enough in his 1920 edition to prophesy its repeal during 1920. The tax is covered in a volume of nearly 600 pages. The new rulings he has to discuss are numerous. We still lack a Supreme Court decision as to what is invested capital and many of the novel ideas on which the tax is based are undefined. The new rulings are so highly technical and involved that we cannot comment on them without unduly extending this review.

There are pending in the Supreme Court many vital questions as to income and excess profits taxes. The new Congress is expected to

¹ The above was written before the decision of the Supreme Court reversing the Brewster case was handed down. See comment below.

take up seriously a revision of the law. One very grave difficulty confronts the Supreme Court in deciding points of law as to both the income tax and the excess profits tax and that is that these taxes were both established as war taxes, were enforced to raise money as quickly as possible, and interpreted and administered by the department far more for sake of revenue than in the desire to establish rules which should in the long run do justice and work equity. To reverse these rulings now will mean reimbursement of large sums which the government can ill spare, not to upset the rulings means a perpetuation of serious inequalities and wrongs. The dilemma is exceedingly unpleasant. An early revision of the law by Congress might relieve the court to a large extent of the embarrassment of the second horn of the dilemma.

Since the above was written and just before going to press, the news dispatches report that the Supreme Court has ruled that Congress *has* the power to tax profits of all kinds and that the provisions of the income tax law covering profits not of the nature of income *are* constitutional. It remains now for Congress to amend the law correcting the double taxation which arises from the taxation of the increment in investment property values caused by an increase in the taxed income therefrom. The validity of the war taxes has been sustained, but that they are valid is not a good reason for continuing unjust taxes in times of peace.

The third volume in the above series has also arrived just in time for a brief mention. It begins with a brief review of state income taxes and then takes up in detail the New York income tax and the corporation franchise tax. The New York income tax, it will be remembered, is modelled on the federal income tax. The main difference is that it is a personal income tax. Corporations are covered by the franchise tax on net receipts under a separate law. Business earnings are reported by the ultimate recipient and not by the firm. Then there are the necessary differences arising from the fact that it is a state tax. Thus incomes, salaries, and interest from federal sources are exempt and those from state sources are taxed. The taxation of non-residents receiving incomes from or earning income in New York involves differences. New Yorkers were not content to have a resident of so foreign a country as New Jersey or Connecticut come over, work in New York, and carry home his earnings, without paying a New York tax. That such an individual might be quite adequately taxed at home was not sufficient unless he be taxed by an income tax of equal amount. Out of this principal difference many little ones arise, none of very great importance.

The third volume is complete in itself and should there be a person who has to pay the New York tax and no federal tax he would find all he needs in this volume. But since every one does pay a federal tax the book is arranged on the assumption that having already made up his federal tax return the taxpayer now wishes instruction as to how to adjust the figures so as to fit the New York return. In addition to the general discussion of each provision of the law, there are forms enabling the taxpayer to set forth side by side the figures for the federal and those for the state return. Some important court decisions are reprinted in full as is the New York statute itself. The book is thus very complete, indeed.

CARL C. PLEHN.

University of California.

Introduction to Public Finance. By CARL C. PLEHN. (New York: The Macmillan Company. 1920. Pp. xix, 446.)

This is the fourth edition of a very widely used elementary textbook, in fact the only one in this field of recent enough date and sufficient scope to be used as the foundation of a course in public finance. For this reason its appearance will be welcomed by all teachers of that subject. But it must be said that a course in which this was the only text, or in which the teacher did not take great pains to check up and supplement the information therein contained, would be highly unsatisfactory.

The necessary criticisms are of two sorts: criticisms of the book and criticisms of the revision. Taking the second first, we find numerous evidences of carelessness in bringing statements of fact down to date. I mention only a few: on page 44 it is stated that the abuse of the pension system ceased about 1900, although the Sherwood act dates only from 1913; on page 48 there is a statement which implies that the United States has not had a protective tariff since 1909; the description of the British income tax in the chapter on tax systems takes no account of the reforms of 1909; on page 145 it is stated that the proportion of United States federal income yielded by import duties is now slightly less than one half the total. Some of the revisions made are not incorporated in the text but added as appendices, formal or otherwise; for example, the chapter on the growth of public debts stands as in the previous edition, even as to the tables of statistics. On the other hand, two new and helpful chapters are added on the growth of public expenditures and on the war and excess profits taxes, and the chapter on the financial administration of wars is completely revised and modernized. In general it may be said that the theoretical part of the work has been more carefully gone over than the descrip-

tive. The author's views have suffered little change since 1909, except that he has more faith now in the property tax, but he has omitted some theoretical discussion for lack of space.

Professor Plehn, as is well known, uses a threefold classification of revenues, based not so much on the way the money is raised as on the nature of the benefit conferred on the citizen in return for his contribution. The term "tax" is limited to compulsory contributions "to defray expenses incurred in conferring a common benefit upon the residents of the State," whereas "fees" are compulsory contributions to defray expenses of governmental action which "confers a special benefit, or one that is arbitrarily so regarded." Is not this attempt to distinguish different methods of raising money not according to any incident of its collection, but according to the justification for spending it or the way it is to be spent, an error of the same sort as that made by economists who declare that receipts are not income if used to increase one's investments and not expended on current enjoyments? How can one trace the actual sums received so as to be sure that they are not expended in more than one way? Is it not possible for different states, or individuals, receiving income in identical fashions, to spend them differently without altering the nature of the income? Granting that it is proper to raise larger sums from some citizens than from others on account of benefits received from the state, there are many ways of raising those sums and it would be misleading to classify them all together because the benefits are similar. Likewise it is undesirable to split up a payment, as Professor Plehn does, if it exceeds the cost of the service, and call it both a fee and a tax. Would he also designate as a tax the excess over cost of a government monopoly price? Presumably not, as he says that such prices are "contractual" or "commercial," whereas taxes are "compulsory."

The sections describing recent war financing, both American and foreign, are useful and well written. The historical sections of the previous edition had a good reputation, and the new parts deserve it as well. Perhaps some of the criticism of the present revenue act is beyond the grasp of an elementary student, but that is of slight consequence. One criticism is, however, beyond the reviewer's grasp. By this I mean the statement on page 307 that the setting forth of high rates for 1919 and lower rates for 1920 and subsequent years discouraged production, because producers waited for the lower rates. It must be remembered that the revenue act was not passed until 1919, and that the income on which the 1919 rates were collected had been already acquired, during the year 1918. The statement of rates for subsequent years might be expected to have the opposite effect, since it implied that the taxes would not be repealed for some years.

There are some other theoretical points that invite comment, although possibly they are merely cases of carelessness in expression. One example is the discussion of the incidence of the excess profits tax on page 305. "If, as is certainly likely to be the case, the rapid rise in prices curtailed purchases and lessened the volume of business in physical, not in money, measure, it might be possible for the company to shift the tax in part if not wholly to the consumer." Why is it easier to shift a tax if rising prices curtail demand? Is it not the fear of a lessened demand that often causes sellers to refrain from attempting to add taxes to their selling prices? The really interesting question in this connection is why the rising prices during the war did not cut down demand more than they did.

It is unfortunate that such a book as this, in its fourth edition after twenty years of useful existence, should contain so many defects apparently due to mere haste. These would be less important if it were a treatise for advanced students, in which the author's wide knowledge and good judgment would overshadow them, but in an elementary text they mean a needless burden on the teacher.

RUFUS S. TUCKER.

Harvard University.

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- The facts about tonnage tax.* (Hibbing, Minn.: Minn. Fair Tax Assoc. 1920. Pp. 39.)
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- Kelly's customs tariffs of the world 1920.* (London: Kelly's Directories Ltd. 1920. Pp. xv, 1224. 8s.)
- National expenditure. Third report of committee, session of 1920, with evidence and appendices.* (London: H. M. Stationery Office. 1921. 2s.)
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Population and Migration

The Italian Emigration of Our Times. By ROBERT F. FOERSTER. (Cambridge: Harvard University Press. 1919. Pp. xx, 558. \$2.50.)

In presenting this study of Italian emigration Professor Foerster has rendered a notable contribution to sociology, particularly to those portions of it which deal with population and migratory movements. The book is eminently a product of high scholarship. The author has utilized a vast amount of material much of which is unfamiliar to the average American student and which must have required an immense amount of labor in analyzing and digesting.

Most studies of immigration written by American authors approach the problem directly from the point of view of the United States. Professor Foerster has adopted the Italian outlook, and presents the phenomenon of emigration as an integral feature of Italian national life. The first book, comprising two chapters, is a statistical study of the volume and directions of the outgoing currents and the corresponding features of the reverse flow. The next book deals with the causes of emigration. Here are considered the factors, physical, racial, and historical, which in recent years have turned the faces of so many hundreds of thousands of Italians toward foreign lands. Significant differences are pointed out between the conditions of North and South Italy.

Book III takes up the history and outstanding characteristics of the Italian settlements in various foreign lands, chief among which are France, Germany, Argentine, Brazil, and the United States. In this section is accumulated an imposing mass of data, which are of value not only in portraying the experiences of the Italians as a group but also in furnishing the kind of reliable inductive material upon which the generalizations of immigration must be based. It is exceedingly

interesting to see the way in which the basic characteristics of the Italians reveal themselves in modified aspects according to the different social and economic conditions of the lands in which they cast their lot.

Book IV takes up the problems of Italy's place among the nations of the world in the light of the traits of the Italians as emigrants, and the reactions of emigration upon Italy. The last two chapters are concerned with the practical aspects of the matter, and questions of policy and control.

There can be no question that from the professorial group of students of immigration this book will receive the warm welcome it deserves. From the point of view of making its invaluable contents more attractive to "the average citizen" it is too bad that the introductory portion is of such a highly detailed and elaborate statistical character. While the subject-matter is of the highest importance and shows remarkable care and diligence of study, it would have been possible to rearrange the material in a manner not seriously less logical which would have made it a much more appealing document.

Another possible criticism is the preponderating emphasis which is laid upon the economic aspects of the movement. It is true that immigration is today primarily an economic phenomenon, and the economic considerations are fundamental. Yet once undertaken, immigration affects more or less profoundly every life interest, and many of the most important effects develop in the non-economic interests of life. In Professor Foerster's book there are occasional glimpses into the political, marital, recreational, religious, and other social aspects of the life of Italian immigrants; but they are scarcely more than enough to whet the reader's appetite in a tantalizing way. A fuller discussion of some of these matters might have been substituted for the rather extended catalogs of the occupational activities of Italians in various lands.

With reference to the ground it covers the book will doubtless long remain the standard. An impressive amount of work has been done so thoroughly that it will never need to be done again.

HENRY PRATT FAIRCHILD.

New York University.

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The author is the presiding justice of the children's court in New York.

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A thoughtful study of the controlling factors which determine the development of popular government in the United States. Examines factors in political determinism, as heredity and environment in determining human qualities; the working out of the representative principle; and the complexity of new tasks imposed upon the government. "What is now needed is that the special knowledge of the biologist, of the psychologist, of the sociologist, and of the political scientist should be coördinated in an exhaustive enquiry into the form and function of Government."

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Executive and technical women in industry. Survey of factories, 1919-1920. (New York: Y. W. C. A. 1920. Pp. 19.)

Health letters. Framingham monograph no. 8. (Framingham, Mass.: Community Health Station. 1921. Pp. 84.)

Housing companies. (Washington: Civic Development Dept., U. S. Chamber of Commerce. 1921.)

Proceedings of the international conference of women physicians. (New York: The Woman's Press. 1921. \$3 a set; 75c a volume.)

The report is published in six volumes: I, General problems of health (pp. 287); II, Industrial health (pp. 144); III, The health of the child (pp. 164); IV, Moral codes and personality (pp. 166); V, Adaptation of the individual to life (pp. 206); VI, Conservation of health of women in marriage (pp. 183).

Second annual report of the director of the Women's Bureau for the fiscal year ended June 30, 1920. (Washington: Supt. Docs. 1920. Pp. 12.)

Sixth annual report of the City Planning Board for the year ending January 31, 1920. (Boston: City Hall. 1921. Pp. 52.)

The social task of the church as set forth by the Lambeth conference of 1920. (New York: Dept. Christian Social Service, 281 Fourth Ave. 1921. Pp. 28.)

A syllabus in industrial relations. (Bloomington, Ind.: Indiana Univ. 1921. Pp. 16.)

Toledo children who leave school for work. (Toledo, Ohio: Consumers' League. 1921. Pp. 31.)

United States Steel Corporation. (New York: Bureau of Safety, Sanitation and Welfare. 1921.)

Insurance and Pensions

Public Health and Insurance. By SIR ARTHUR NEWSHOLME. (Baltimore: The Johns Hopkins Press. 1920. Pp. xiv, 270. \$2.50.)

The lectures compiled in this book were delivered by Dr. Newsholme in the United States during the academic year of 1919 and 1920. They deal primarily with the development of public health work in England and include a discussion of legislation, health insurance, and the increasing socialization of medical practice. Special consideration is given to the problems of tuberculosis and child welfare. There is no more repetition than is to be expected in a compilation of addresses given at different places upon various aspects of the same broad subject. The language for the most part is clear, the style is pleasing,

and the book is so richly supplied with historical and statistical facts that the interest is well sustained throughout.

Beginning with the period following the work of Smith, Malthus, and Mill, when a policy of non-interference was adopted by the government, Dr. Newsholme traces the reaction which began with the legislation of 1802 to improve the conditions of pauper children in textile factories and shows how the subsequent factory acts together with more recent legislation, reorganizing and establishing public health authorities and creating sickness insurance for industrial workers, have set up an elaborate health system for the country. Statistical comparison of the death rates between 1870 and 1880 with the rates from 1910 to 1912 show the elimination of typhus fever, the reduction of typhoid fever and other diseases, and in general indicate that improvements in sanitation, hygiene, and medicine have saved four million lives in the thirty-two years between 1881 and 1912, and that the expectation of life was prolonged by a little more than ten years.

The author holds that it has been a fundamental error to maintain an organization for medical relief under the central poor law distinct and apart from the health authorities. At the present time, 98 per cent of the total population relieved under the poor law are sick, infirm, aged, or children, and it is maintained that one central medical service which would include all three activities would be more effective than are the poor law authorities, the school health authorities, and the public health authorities acting separately. It would certainly be an advantage to have the medical services for the poor administered with a view to prevention rather than for the mere alleviation of suffering.

There are some criticisms of the National Health Insurance act passed in 1911 which created still another medical service providing ordinary medical treatment for that third of the population who are industrially employed and receive less than a certain sum per week, the insured paying a sum which is less than one half the estimated cost of benefits received. The services of medical specialists are not available, the combined financial and medical aids are distributed irrespective of the needs of the family, money instead of assistance is given in cases of maternity benefit, and there is an inevitable tendency for the individual to secure as much as possible from the government in cases of slight sickness or trivial disability.

One must agree with the author that we shall never have ideal and effective public health until every medical practitioner practices preventive medicine as well as curative medicine, and becomes the health adviser of the families under his care. It is undoubtedly true that in any country one of the greatest possible improvements in public health

would result from the expansion of the disease prevention services of the medical profession. It must be recognized, however, that in general the type of man who is attracted to medicine is by nature more interested in curative processes; and the practice of preventive medicine must for some time be restricted to a few far-seeing physicians. It will develop slowly as the public comes to demand health information from the profession.

Dr. Newsholme asserts that the socialization of medicine in Great Britain is progressing inevitably, rapidly, and beneficially. By socialization he means making such provisions that every member of the community, regardless of his financial condition, may have available all of the medical services which may be needed, and it is held that the further control of medical practice by the state is as natural as the expansion of other community services in sanitation and education. It should be recalled that he is speaking of English and not American conditions and that in this country we are not as favorably inclined to the expansion of state medical control. Although we have followed England in our sanitary development in many particulars, our American public health has developed more under private initiative and less under state organizations; and consequently it is to be expected that this country will move more slowly toward the socialization of medicine.

The history of these important matters in Great Britain as presented by a man who has had twenty years of experience in health administration for the central government and who is able to discuss the problems with the sound judgment and prophetic vision which Dr. Newsholme brings to the task, could not fail to be both instructive and stimulating.

C. E. TURNER.

Massachusetts Institute of Technology.

NEW BOOKS

- FINNEY, H. A. *Introduction to actuarial science.* (New York: Am. Inst. of Accountants, 135 Cedar St. Pp. 101. \$1.50.)
- HARPER, S. A. *The law of workmen's compensation; the workmen's compensation act with discussion and annotations, tables, and forms.* Second edition. (Chicago: Callaghan & Co. 1920. Pp. xx, 697.)
- HÜPEDEN, T. *Zur Arbeitslosenversicherung.* (Leipzig: F. Meiner. 1921. Pp. 45.)
- KAUFMANN, P. *Wiederaufbau und Sozialversicherung.* (Berlin: G. Stilke. 1920.)
- KISCH, W. *Privatversicherungsrecht.* (Munich: Schweitzer. 1920. Pp. 35.)
- NELSON, T. P. *Health and accident insurance policies under the standard provisions law.* (Madison, Wis.: Blued Prgt. Co. 1920. Pp. 105.)
- WHITE, N. G., editor. *Ohio manual of compensation law containing Ohio*

- workmen's compensation law, Ohio industrial commission law, rules, and regulations governing application of the law.* (Cleveland: Baldwin Law Pub. Co. 1920. Pp. xxii, 548, 118.)
- Fire insurance laws, taxes and fees; containing a digest of the statutory requirements in the United States and Canada relating to fire insurance companies and agents; also a compilation of county and municipal taxes and fees.* (Chicago: Spectator Co. 1920.)
- Information concerning the Virginia workmen's compensation act, as amended by chapter 176, laws of 1920 effective as amended July 1, 1920.* (Richmond: Industrial Commission of Virginia. 1921. Pp. 31.)
- Premiums and losses in the various states of the United States, Alaska, District of Columbia and Hawaii, 1917-1919.* (New York: Nat. Board of Fire Underwriters. 1920. Pp. 171.)
- Proceedings of the fourteenth annual meeting of the Association of Life Insurance Presidents, December, 1920.* (New York: The Assoc., 165 Broadway. 1921. Pp. 168.)
- Sixty-second annual report of the superintendent of insurance, state of New York, February, 1921, covering transactions of calendar year closing December 31, 1920.* (Albany. 1921. Pp. 73.)
- United States Steel and Carnegie pension fund. Treasurer's and manager's tenth annual report, year ending December 31, 1920.* (Pittsburgh: The Manager, Oliver Bldg. 1921. Pp. 8.)
- Workmen's compensation law journal. Supplement, vol. A1, comprising the cases of 1917.* (New York: Hine's Sons Co. 1921. Pp. 1053.)
- Workmen's compensation law of Georgia with a complete analysis and an explanation of the changes made in the Georgia laws regulating the liability of the employer to the employee for personal injuries and death.* (Atlanta, Ga.: Harrison Co. 1920. Pp. 51.)
- Workmen's compensation law, as amended by the 1920 session of the general assembly, amendments to become effective July 1, 1920; and the vocational rehabilitation law.* (Richmond: Industrial Commission of Virginia. 1920. Pp. 84.)

Pauperism, Charities, and Relief Measures

NEW BOOKS

- AMES, F. *Civilian relief.* (New York: Macmillan. 1921. \$2.)
- BAILWARD, W. A. *The slippery slope and other papers.* (London: Murray. 1920. Pp. 236. 10s. 6d.)
- FERNALD, M. R. and HAYES, M. H. S. *A study of women delinquents in New York state.* (New York: Bureau of Social Hygiene. 1921.)
- LLOYD, C. M. *The present state of the poor law.* (London: Labour Party, Eccleston Sq. 1920. Pp. 8.)
- PILLSBURY, A. J. *The problem of dependency.* (San Francisco: Indus. Accident Commission of California. 1921. Pp. 24.)

Friendly visiting. Forty-third annual report of the Charity Organization Society of Buffalo. (Buffalo: The Society, 181 Franklin St. 1920. Pp. 39.)

Socialism and Co-operative Enterprises

NEW BOOKS

- BAUER, O. *Bolschewismus oder Sozialdemocratie.* (Vienna: Volksbuchhandlung. 1920. 8.50 M.)
- BEER, M. *A history of British socialism.* Vol II. (New York: Harcourt. 1921. Pp. xi, 413. \$5.50.)
- BROWN, W. M. *Communism and Christianity.* (Galion, Ohio: Bradford-Brown Educ. Co. 1921. Pp. 184. 25c.)
- BURCH, H. R. *American economic problems.* (New York: Macmillan. Pp. xi, 525.)
- DEGENFELD-SCHÖNBURG. *Die Motive des volkswirtschaftlichen Handelns und der deutsche Marxismus.* (Tübingen: Mohr. 1920. 20 M.)
- DIEHL, K. and MOMBERT, P. *Sozialismus, Kommunismus, Anarchismus.* (Karlsruhe: Braun. 1920. 18 M.)
- DOSCH-FLEUROT, A. *How much bolshevism is there in America?* (New York: The World. 1921. Pp. 48.)
- EWBANK, R. B. *Indian coöperative studies.* (New York: Oxford Univ. Press. 1921. Pp. 266. \$6.25.)
- FISHER, C. B. *The Farmers' Educational and Coöperative Union of America.* (Lexington, Ky.: Univ. of Kentucky. 1921. Pp. 81. 75c.)
- GIDE, C. *Des institutions en vue de la transformation ou de l'abolition du salariat.* (Paris: Giard. 1920. Pp. 115.)
- GOEBEL, O. *Entwicklungsgang des russischen Industriearbeiters bis zur ersten Revolution (1905).* Osteuropa-Institut Quellen und Studien, vol. I, no. 4. (Leipzig: Teubner. 1920. Pp. 44.)
- HIRSCHBERG, M. *Bolschewismus. Versuch einer prinzipiellen Kritik des revolutionären Sozialismus.* Archiv für Sozialwissenschaft und Sozialpolitik, vol. XLVIII, no. 1. (Tübingen: Mohr. 1920. Pp. 43.)
- KAUTSKY. *Terrorismo e comunismo.* (Torino: Fratelli Bocca. 1921. 12 l.)
- KÖHLER, S. *Die russische Industriearbeiterschaft von 1905-1917.* Osteuropa-Institut Quellen und Studien, vol. I, no. 5. (Leipzig: Teubner 1920. Pp. vii, 106.)
- LAGUERRE, D. *Des sociétés anonymes à participation ouvrière.* (Paris: Jouve. 1920. Pp. 199.)
- LASKINE, E. *Le socialisme suivant les peuples.* (Paris: Flammarion. 1920. Pp. 264.)
- LENIN, N. *Der "Radikalismus", die Kinderkrankheit des Kommunismus.* (Leipzig: Francke. 1920. Pp. 95. 3.50 M.)
- LEVY, R. *Trotsky.* (Paris: Librairie du Parti Socialiste et de l'Humanité. 1920. Pp. 160. 3 fr.)

- LLOYD, J. W. *Coöperative marketing of horticultural products*. (Agric. Exp. Sta. bull. 244. (Urbana: Univ. Illinois. 1921. Pp. 15.)
- LUCAS, J. *Coöperation in Scotland*. (Manchester, Eng.: Coöperative Union. 1920. Pp. 93.)
- MARSHALL, L. C. and LYON, L. S. *Our economic organization*. (New York: Macmillan. 1921.)
- MEAD, G. W. *The great menace; Americanism or bolshevism?* (New York: Dodd, Mead. 1920. \$1.25.)
- MEHL, J. M. and JESNESS, O. B. *The organization of coöperative grain elevator companies*. Bull. 860. (Washington: Dept. Agri. Pp. 40.)
- PASQUALI, G. *Socialisti tedeschi*. (Bari: Laterza. 1920. 7.50 l.)
- POHLE, L. *Kapitalismus und Socialismus*. (Leipzig: Teubner. 1920. 6 M.)

- POSTGATE, R. W. *The Workers' International*. Handbooks on international relations. (New York: Harcourt. 1921. Pp. 121. \$1.)
- RUSSELL, B. *Bolshevism: practice and theory*. (New York: Harcourt, Brace & Howe. 1920. Pp. 192.)

Bertrand Russell went to Russia a communist. He hoped to find there at least a partial realization of his dreams of a regenerated world. With characteristic honesty he tells of his disappointment in the development of the bolshevist experiment and his fears for the future of the world through the spread of bolshevism. Bolshevism is not a political theory; it is a religion with the oriental fanaticism of Islam. The soviet system has been abandoned in all but the name. The dictatorship of the proletariat is literally a dictatorship, but the term proletariat is used in a Pickwickian sense.

The failure of the bolsheviki to achieve real communism is partly due to the blockade and the necessity of combating the forces of reaction, but there are also fundamental theoretical errors which cannot be overlooked. The most serious of these errors are the faith in the tactics of violence and the literal acceptance of the materialistic interpretation of history in its most extreme form.

Nevertheless, Mr. Russell feels that if he were a Russian he would, like Maxim Gorky, support the bolshevik régime, as the only possible alternatives are even worse. And, although communism in Russia has failed, he still hopes for the building of a new communist world by gradual and peaceful methods.

G. L. ARNER.

- SALTER, F. R. *Karl Marx and modern socialism*. (New York: Macmillan. 1921.)
- SELIGMAN, E. R. A. vs. NEARING, S. *A public debate "Capitalism vs. socialism."* (New York: Fine Arts Guild. 1921. Pp. 46.)
- SMITH, G. C. *Farmers' coöperative associations in Pennsylvania under the law of 1919*. Bureau of Markets, gen. bull. 341. (Harrisburg, Pa.: Dept. Agri. 1921.)
- SZANA, A. *Die bolschewistische Wirtschaftspolitik in Ungarn, Aufbau und Zusammenbruch*. (Vienna: Strache. 1920. 2 M.)

TUCKER, I. ST. J. *A history of imperialism.* (New York: The Rand School. 1920.)

Mr. Tucker has made an interesting contribution, not to history, but to the propaganda literature of socialism. In the light of the class struggle theory and the materialistic interpretation of history he has sketched in bold outlines the characteristic features of each of fourteen great empires from Egypt to America. Soviet Russia appears, not as a new form of imperialism, but as an industrial republic, whose rise means the dawn of a new era and the twilight of empire.

G. L. A.

VARNEY, N. *Sketches of soviet Russia.* (New York: Nicholas L. Brown. 1921. Pp. 288. \$2.25.)

WEBB, S. and B. *Industrial democracy.* (New York: Longmans. Pp. xxxix, 899. 1920. \$7.50.)

The only changes made in this new edition are found in the introduction, which is a rewriting of the one prefixed to the 1902 edition, and in certain alterations in and additions to the appendices. The text itself has not been changed and stands as an analytic description of British trade unionism as it was in the last decade of the nineteenth century.

In the introduction attention is called to such changes since 1897 as the numerical growth of trade unionism, the development of new ideas concerning "payment by results" and scientific management, the development of industrial insurance and various legal enactments, and the growth of industrial unionism. The appendices include: The legal position of collective bargaining concerning which the reader is referred to the new edition of the author's *History of Trade Unionism*; The bearing of industrial parasitism and the policy of a national minimum on the free trade controversy; Some statistics bearing on the relative movements of the marriage and birth rates, pauperism, wages, and the price of wheat; and A comment on the bibliography of trade unionism. Concerning the work itself nothing need be said as it has long since become an economic classic. This new edition caused by a continued and increasing demand for the book is to be welcomed.

GEORGE M. JANES.

Act creating farmers' coöperative societies; with forms governing incorporation. (Austin, Tex.: Secretary of State. 1921. Pp. 17.)

The second congress of the Communist International as reported and interpreted by the official newspapers of Soviet Russia, Petrograd-Moscow, July 19-August 7, 1920. (Washington: Dept. of State, Division of Russian Affairs. 1920. Pp. 166.)

Trade unions in Soviet Russia. Compiled by the Independent Labour Party Information Committee. (New York: Rand School of Social Science. Pp. 91. 50c.)

What to read on social and economic subjects, a select bibliography. Sixth edition, revised to December 1920. (London: Fabian Society. 2s. 3d.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

REPORT ON THE GRAIN TRADE. The report on the grain trade had its origin in the general food investigation made by the Federal Trade Commission and was later continued as a separate inquiry, the Bureau of Markets of the Department of Agriculture coöperating in the investigation. The report (*Report of the Federal Trade Commission on the Grain Trade: Vol. I, Country Grain Marketing; Vol. II, Terminal Grain Markets and Exchanges; Vol. V, Future Trading Operations in Grain.* Washington: Supt. Docs. Sept. 15, 1920. Pp. 350; 333; 347.) presents the most intensive and comprehensive study of the grain trade yet made. It logically falls into four main divisions: (1) country elevators and country grain marketing; (2) terminal grain markets and terminal cash grain business; (3) costs and profits of the present marketing system; and (4) future trading operations and their results. The three volumes that have already appeared are primarily descriptive in character; final conclusions and recommendations will be covered in a subsequent volume.

Country grain marketing. Schedule returns made by approximately 10,000 country elevators and warehouses in the United States, supplemented by numerous interviews and extensive correspondence, constitute the principal sources of information. In most instances, the returns are tabulated by grains, years, types of elevators, and principal grain-producing states. The inquiry covers approximately the period 1912-1918; and relates in general to the mechanism and methods of marketing wheat, corn, oats, barley, and rye. Most of the data and discussion relate to elevators; warehouses are numerically important only in the Mountain and Pacific states.

The primary functions of country elevators are the merchandising of grain and the warehousing of grain. Some elevators perform minor functions; for example, cleaning and conditioning grain, and handling other commodities. Country elevators are of two general classes, individual and line. "An individual house is one operated as a unit within itself. A line house is one of two or more operated at different towns by a central organization." These two classes include eight different types, the names and relative numerical importance of which are:

Individual:	Per cent	Line:	Per cent
Coöperative	18.42	Commercial	36.01
Independent	31.62	Coöperative	1.06
Mill	5.54	Mill	6.97
Malster05	Malster32

The commercial line, independent, and coöperative elevators are operated primarily to obtain merchandising profit from the purchase and sale of grain. The coöperative type is distinguished by being operated or owned

and operated by farmers. The mill types are concerned primarily with supplying mill-grinding requirements and only incidentally with buying and selling grain for profit.

One chapter is devoted to the historical development of country elevators and country marketing. An outstanding development in the marketing of grain in recent years has been the rapid growth in coöperative elevators. Not only are they rapidly increasing in number, but their importance is even greater than their number would indicate, for they operate at a disproportionately large number of country points as compared with other types of elevators and therefore their influence in determining grain prices is probably greater than that of any other type. Also they handle a considerably larger volume of grain.

The typical country elevator of today is of wood construction; the average capacity is about 25,000 bushels, and the average number of bins, ten. 49.3 per cent of the elevators are equipped with cleaning machinery; about 43 per cent of them clean grain for farmers. About four fifths of the elevators handle other commodities than grain, as coal, feed, and flour. The extent to which elevators use different sources of price information, as daily price cards and private wire services, is indicated. "On the average the country elevator buys slightly less than 100,000 bushels of grain annually, of which about 36 per cent is wheat, 31 per cent oats, 24 per cent corn, 7 per cent barley, and 2 per cent rye." The rate of capacity turnover is greatest for those elevators which handle corn in combination with one or more of the other four grains, because the bulk of the corn crop is harvested and marketed at a considerably later date.

"About 70 per cent of the grain shipped by country elevators goes to terminal markets (those markets receiving annually more than 1,000 cars of country grain) and about 7 per cent to smaller markets (those receiving less than 1,000 cars annually). The local mills absorb 13½ per cent of the country elevator shipments and interior brokers 6 per cent; about 2 per cent goes to feeders, and approximately the same proportion to miscellaneous purchasers. Of the grain shipped to specified markets, about 71 per cent is sold on consignment, the balance being sold "to-arrive" or "on-track" to representatives of these market organizations.

About 40 per cent of the elevators and warehouses generally hedge their grain, another 10 per cent hedge it to a limited extent, while about 50 per cent report no hedging. The proportion of elevator hedging in the various states varies directly with the proportion of consignment sales reported, and also directly with the extent of commission house financing of country elevators and the proportions of line elevators reported. Hedging is usually done in the markets to which the grain is generally shipped."

Line elevators obtain most of their funds from their head offices; and individual elevators, from either commission houses or local banks or both. Commission house financing is very important in Minnesota, North Dakota, South Dakota, and Montana. In general, competition in buying grain in the country is keen, especially that of the mill and coöperative elevators. It

affects not only grain prices but also grades, "dockages," weights, elevator and storage charges, and side lines.

Terminal grain markets and exchanges. This volume describes the growth and relative importance of the terminal grain markets, and the rules prescribed and the functions exercised by the grain exchanges. It covers ten primary and seven secondary markets. The primary market receives most of its grain from local points in producing territory; the secondary market, from primary markets. The volume of cash trading cannot be employed as a criterion of the relative importance of these markets owing to the lack of data. From the standpoint of receipts the order of importance of the primary markets is Chicago, Minneapolis, Kansas City, Duluth, St. Louis, Milwaukee, Omaha, Peoria, Indianapolis, and Cincinnati; of the secondary markets, Buffalo, New York, Baltimore, Philadelphia, Boston, Louisville, and Toledo. Consideration of local consumption—of the difference between receipts and shipments of grain—places the primary markets in this order: Minneapolis, Chicago, Milwaukee, St. Louis, Kansas City, Indianapolis, Peoria, Cincinnati, Omaha, and Duluth. Elevator capacity, indicating the facilities for merchandising, storing, and transferring grain, reveals the following line-up of primary markets: Chicago, Minneapolis, Duluth, Kansas City, Milwaukee, Omaha, St. Louis, and Peoria. Of the secondary markets, Buffalo has by far the greatest capacity. The controlling factors in the development of terminal markets have been: (1) proximity of the production area, (2) transportation facilities and rates (including terminal facilities), and (3) consumption demand, especially that of millers and converters.

The volume contains a detailed account of the historical development of the different grain markets and exchanges, especially the Chicago market and Board of Trade. It includes such subjects as transportation problems, the organization of the exchanges, the exchange halls, classification of members, the conflict of interest between classes of members, changes in rules and regulations, regulation of terminal elevators, opposition to bucket shops, judicial decisions relating to the exchanges and their practices, and the development of future trading. Future trading developed from purchases of grain "to-arrive" and by contract; it first became important during the Civil War.

The present rules and regulations of the various exchanges are compared. The exchange government—functions of officers and committees, adoption of rules, discipline, etc.—is described. Trading rules, relating to uniform commissions, regular warehouses, defaults on future contracts, etc., are presented. The functions of the exchanges are described. These include inspection, grading, weighing, and the collection and dissemination of quotations and market information, all of which suggest the importance

of exchanges to the public. Inspection, grading, and weighing are subject to state regulation in several markets. This has resulted in considerable duplication and overlapping of jurisdictions, especially in Kansas City and St. Louis. Federal grades of wheat, corn, and oats, recently announced by the Department of Agriculture, have instituted a nation-wide uniformity. An appendix contains the definitions of grain-marketing terms.

Future trading operations in grain. This volume describes in considerable detail the technique of future trading. A "future" is defined as "an agreement on the part of the seller to deliver, and of the buyer to receive and pay a certain price for, a certain kind and quantity of a commodity at some specified future time, under conditions prescribed by an exchange or understood in the trade." Payment for the grain as well as delivery is postponed. It is not a contract of sale. An actual sale may or may not occur as a result of a future transaction. The margin is not part payment; it is mere security put up by the seller as well as by the buyer. Future markets, in the approximate order of their importance, are Chicago, Minneapolis, Kansas City, Duluth, St. Louis, Milwaukee, and Toledo. Within recent years the quantity of future trading in grain has been about 20,000,000,000 bushels annually. About five sixths of this trading is done on the Chicago Board of Trade. This fact justifies the special attention which future trading in Chicago receives in this volume. Grain is the subject of future trading because it satisfies the prerequisites of homogeneity, durability, and adequacy of supply. Wheat, corn, and oats are the cereals most commonly traded in on a future basis.

"The standard grade of grain deliverable in specific satisfaction of standard future contracts is prescribed by exchange rules and is known as the contract grade. There may be more than one variety of contract grade, especially in the case of wheat." The advantages of broad deliverable grades, as in Chicago, consist "of keeping the channel of connection between future and cash transactions open and in good working order, and especially of preventing the technical exploitation of the market through corners." On the other hand, narrow deliverable grades, as in Kansas City, better secure "the delivery of a definite quality and kind of grain." Grain delivered on future contracts is usually at the bottom of the contract grade because terminal elevators intentionally mix different grades so that the resultant product will barely qualify for the contract grade.

Delivery on a future contract, though necessarily contemplated from a legal standpoint, is generally obviated by subsequent transactions which cancel the first contract. The methods by which futures are cancelled or "cleared," whether by clearing houses or otherwise, are minutely described.

The principal economic service of future trading is that it furnishes the grain merchant or manufacturer an opportunity to hedge. Hedging pre-

supposes (1) that for every cash purchase of grain there is a sale of futures in approximately the same amount and at the same time, and that for every cash sale, a purchase of futures; and (2) that cash and future prices will be affected substantially alike. The hedger ordinarily prefers not to deliver on his future sale. His grain will probably sell for more in the "sample market" than through delivery on the future. Also, the converters, the millers especially, who have bought futures against sales contracts, seldom wish to take delivery; they prefer to buy their grain by sample with reference to its adaptation to their particular needs.

The Board of Trade has provided certain safeguards against corners. Under an emergency clause, the board of directors "has power to expand or substitute facilities for delivery beyond or in the place of the warehouses designated by the board for the issuance of regular receipts." Also "delivery in cars direct from the country has been made possible." Cars must be within the Chicago switching district. In case of failure to deliver on any future contract, provision is made for a money settlement, including a penalty. Future quotations and market "gossip" are furnished by market letters, telephones from offices, private wires, and news ticker companies. There is little supervision of market gossip by the Chicago Board of Trade, which suggests the need of reform.

The most important physical facility for future trading consists of the great private wire systems. All of them except one, have head offices in Chicago. They lease their wires (96,000 miles of them in March, 1918) from the American Telephone and Telegraph Company, Western Union, and Postal. Rentals are probably \$2,000,000 a year. In 1918 they served 199 cities and towns in the United States and had 225 branch offices and 296 correspondents. The advantages of private wire communication over public wires for sending orders, confirmations, etc., are speed, privacy, and less likelihood of error. The concentration of outside futures business in the hands of private wire companies is increasing. The private wire offers quicker and more frequent service to the country customer than the commission house can over the public wires. Since 1910 the private wires have developed cash-grain departments and are making inroads upon the business of cash-grain houses. However, they serve chiefly the purposes of speculative trading in various markets, and in general stimulate speculation.

The Chicago Open Board of Trade is a satellite of the Chicago Board of Trade. It is called "open" because the privilege of the trading floor is open to customers; their orders for futures, however, may be executed only by the members. Trading is confined entirely to futures and privileges. Quotations are secured from the Chicago Board of Trade. The Open Board furnishes an opportunity to hedge in small quantities, as the unit of trading is 1,000 bushels; aside from this, its economic value is doubtful.

The last chapter of the report is devoted to the legal status of future trading.

FLOYD L. VAUGHAN.

Brown University.

From the federal Department of Commerce have been received:

The *Annual Report of the Director of the Bureau of Foreign and Domestic Commerce for the Fiscal Year Ended June 30, 1920* (Washington, pp. 85).

Schedule Governing the Statistical Classification of Imports into the United States with Rates of Duty, and Regulations Governing the Preparation of Monthly and Quarterly Statements of Imports (1920, pp. 103).

Statistical Classification of Domestic Commodities Exported from the United States (1920, pp. 35).

Special Agents Series:

No. 195, *Swedish Forests, Lumber Industry, and Lumber Export Trade*, by A. H. Oxholm (1891, pp. 281). This contains maps, illustrations, and charts.

No. 201, *Lumber Markets of Spain and Portugal*, by N. C. Brown (1921, pp. 151).

No. 205, *Electrical Goods in British South Africa with Notes on Portuguese East Africa*, by R. E. Lundquist (1920, pp. 118).

The *Eighth Annual Report of the Secretary of Commerce* (Washington, 1920, pp. 189) summarizes the work of commercial attachés in Europe, Latin-America, and Far Eastern markets.

Bulletin 145 of the Bureau of the Census deals with *Cotton Production and Distribution, Season of 1919-20* (Washington, pp. 135).

From the Federal Trade Commission there has been received, in the series of cost reports on Coal, No. 7, *Trans-Mississippi States—Bituminous* (Washington, 1921, pp. 459). With previous issues this covers substantially all of the coal mines of the United States. Also *Report on the Petroleum Industry of Wyoming* (Washington, 1921, pp. 54).

The *Report of the Select Committee of the United States Senate on Reconstruction and Production* has been published as Senate Report No. 829, 66th Congress, 3d Session (Washington, Mar. 2, 1921, pp. 61). This accompanies the three volumes of *Hearings* before this committee which have been published. The report deals with housing conditions, coal, transportation, direction of credit, taxation, labor, and materials and building operations.

The *Annual Report of the Commissioner of Navigation* (Washington, 1920, pp. 242) contains data on the wages of seamen since 1895. There

are also summarized tables of the world's tonnage and the progress of British, German, and Japanese shipping.

Those interested in the Panama Canal may obtain pamphlets published by the United States Government by applying to the Panama Canal, Canal Zone, Executive Department, Balboa Heights, C. Z.

Public Utilities

The following public utility reports have been received:

Ninth Annual Report of the Public Utilities Commission of Connecticut (Hartford, 1920, pp. 784).

Report of the Public Service Commission for the First District of the State of New York for the Year Ending December 31, 1919, Vol. I (Albany, 1919, pp. 879).

Twelfth Annual Report of the Public Service Commission of the State of New York, Second District, for the year ended December 31, 1918 (Albany, 1920): Vol. II, *Abstracts of Reports of Corporations*: steam railroad, including operations by United States Railroad Administration, electric railroad, express, sleeping car, stage coach, baggage and transfer, stock yard, freight terminal (pp. 216); Vol. III, *Abstracts of Reports of Corporations*: electrical, gas, steam, telegraph, telephone (pp. 344).

Thirteenth Annual Report of the Public Service Commission, State of New York, Second District, for the year ended December 31, 1919, Vol. I (Albany, 1920, pp. 820).

Reports of the Decisions of the Public Service Commission, Second District, of the State of New York, from January 1, 1919, to December 31, 1919, Vol. VIII (Albany, 1920, pp. 563).

Reports of the Board of Public Utility Commissioners of the State of New Jersey, Vol. VII, February 18, 1919, to March 9, 1920 (Trenton, pp. 564).

Report of the Public Service Commission of Maryland for the Year 1920 (Baltimore, 1921, pp. 492).

Report of State Board of Tax Commissioners of Indiana for Year Ending 1920 (Indianapolis, 1920, pp. 122).

Thirty-sixth Annual Report of the Railroad and Warehouse Commission of Minnesota (Minneapolis, 1920, pp. 386.)

Tenth Biennial Report of the Wisconsin Tax Commission, 1920 (Madison, pp. 215).

Labor

The federal Bureau of Labor Statistics has issued the following bulletins: No. 263, *Housing by Employers in the United States*, by L. Magnusen (Oct., 1920, pp. 283).

No. 272, *Workmen's Compensation Legislation of the United States and Canada* (Jan., 1921, pp. 1211).

No. 277, *Labor Legislation of 1919* (Jan., 1921, pp. 409). This is a continuation of the series prepared for many years by Lindley D. Clark.

The Women's Bureau of the United States Department of Labor has prepared Bulletin No. 11, *Women Street Car Conductors and Ticket Agents* (1921, pp. 90), which contains tables showing the conditions of work as to hours, wages, night work, age, and marital condition.

Technical Paper 386, by W. M. Adams, reports the *Metal-Mine Accidents in the United States* during the calendar year 1919, with supplemental labor and accident tables for the years 1911 to 1919, inclusive (Washington, Bureau of Mines, 1921, pp. 99).

The *Brief for Appellees in the District of Columbia Minimum Wage Cases before the Court of Appeals of the District of Columbia*, submitted in the October term 1920, prepared by Professor Frankfurter and Miss Dewsen (National Consumers' League, 44 East 23d St., New York City, pp. 453) contains a large amount of extracts from reports of various commissions of the United States and also data in regard to the extension of minimum wage legislation not only in this country but in foreign countries. The material is conveniently arranged and furnishes much illustrative matter.

The following labor reports have been received:

New York Court Decisions on Labor Law and Industrial Disputes, January, 1915, to January, 1921 (Albany, Bureau of Statistics and Information, 1921, pp. 200).

Union Scale of Wages and Hours of Labor in Ohio on May 15, 1920, Department of Investigation and Statistics, Report No. 39 (Columbus, Industrial Commission, 1921, pp. 38).

Industrial Commission of Wisconsin, Biennial Report, 1918-1920 (Madison, 1920, pp. 98).

Labor Laws of the State of Wisconsin and Orders of the Industrial Commission, 1920 (Madison, pp. 336).

Nineteenth Biennial Report of the Bureau of Labor Statistics of the State of California, 1919-1920 (Sacramento, 1920, pp. 471).

Report on the Wages of Women employed in the Manufacture of Food Preparations and Minor Lines of Confectionery in Massachusetts, Division of Minimum Wage, Bulletin No. 23 (Boston, Dept. Labor and Industries, Nov., 1920, pp. 41).

Wages and Hours of Labor in the Metal Trades in Massachusetts, 1914-1919 (Boston, Dept. Labor and Industries, Sept., 1920, pp. 72).

Third Annual Report of the Minimum Wage Board of the District of Columbia for the Year Ending December 31, 1920 (Washington, 1921, pp. 64).

Minimum Wage Laws are Good Business; Minimum Wage Commissions, Current Facts; Earnings of Women in Factories and a Legal Living Wage (National Consumers' League, 44 East 23d St., New York, 1921, pp. 7, 16, 26).

Money, Prices, Credit, and Banking

A new edition of the *Instructions of the Comptroller of the Currency Relative to the Organization and Powers of National Banks, 1920*, has appeared (Washington, Supt. Docs., pp. 145, 15c.); also a two-volume edition of the *Report of the Comptroller of the Currency for 1920* (Washington, pp. 320, 88¢). The latter contains correspondence in regard to rates of interest charged on call loans in New York City.

The federal Bureau of Labor Statistics has issued Bulletin 269, *Wholesale Prices, 1890-1918* (Washington, 1920, pp. 205).

A circular issued March 15, 1921, by the research statistical department of the First National Bank in St. Louis is entitled *What Determines the Rate of Interest*.

The following reports have been received:

Sixty-third Annual Report of the Bank Commissioner on the Condition of Savings Banks, Trust and Banking Companies, etc., of Maine, 1919 (Augusta, pp. 144).

Twenty-first Annual Report of the Kansas Building and Loan Associations (Topeka, 1920, pp. 98).

The Laws of Wisconsin Relating to Building and Loan Associations (Madison, 1920, pp. 24).

Fourteenth Annual Report of the State Bank Commissioner of Colorado, 1920 (Denver, pp. 273).

Public Finance

From the United States Tariff Commission has been received the *Fourth Annual Report, 1920* (Washington, pp. 64); Tariff Information Series No. 20, *Agricultural Staples and the Tariff* (1920, pp. 190), which contains much valuable material in regard to production, trade, and foreign competition, together with many charts and maps; and *Tariff Information Surveys on the Articles in Paragraphs 11-17 of the Tariff Act of 1913*, revised edition (1921, pp. 59).

The *Thirtieth Annual Report of the New York Tax Reform Association* (29 Broadway) discusses the need of changes in the tax law. It also gives a brief summary of legislation during 1920.

The following state reports have been received relating to taxation:

Biennial Report of the Commissioner of Taxes of Vermont for the Term Ending June 30, 1920 (Montpelier, 1920, pp. 158).

Tenth Annual Report of the New Hampshire Tax Commission, for 1920 (Concord, pp. 203).

Annual Report of the Commissioner of Corporations and Taxation for the Year Ending November 30, 1920 (Boston, pp. 226).

Report of the Tax Commission of Connecticut for the Biennial Period 1919 and 1920 (Hartford, pp. 194).

Eighth Report of the Board of Tax Commissioners of Rhode Island, for the biennial period 1919-1920 (Providence, pp. 69).

The Inheritance Tax Act of 1916, Rhode Island, Approved February 22, 1916 and May 5, 1920 (Providence, pp. 27).

Fifth Annual Report of the State Board of Taxes and Assessment of New Jersey, for the year ending June 30, 1920 (Trenton, 1920, pp. 357).

Report of the State Tax Commission, North Carolina, 1920 (Raleigh, pp. 457).

The Executive Budget of Ohio, 1921-1923 (Columbus, John E. Harper, State Budget Commissioner, pp. 140).

Twelfth Annual Conference of the State Board of Tax Commissioners and County Assessors of Indiana (Indianapolis, 1921, pp. 101).

Report of State Board of Tax Commissioners of Indiana for Year Ending 1920 (Indianapolis, 1920, pp. 122).

Report of Board of State Tax Commissioners and State Board of Assessors of Michigan, 1919-1920 (Lansing, pp. 109).

Assessed Valuation, Tax Levy, Tax Limitations and Tax Rates, Wisconsin, 1920 (Madison, pp. 30).

Tenth Biennial Report of the Wisconsin Tax Commission, 1920 (Madison, pp. 215).

Ninth Annual Report of the Colorado Tax Commission, 1920 (Denver, pp. 120).

Report of the California State Board of Equalization for 1919-1920 (Sacramento, 1921, pp. 78).

Insurance

The federal Bureau of Labor Statistics publishes in Bulletin No. 273 the *Proceedings of the Sixth Annual Meeting of the Interstate Association of Industrial Accident Boards and Commissions held at Toronto, September 23-26, 1919* (Aug., 1920, pp. 424).

Reference has been made (page 663 of the December, 1920, number of this REVIEW) to *The Status of Marine Insurance in the United States*. A supplement to this is entitled *Report on Legislative Obstructions to Development of Marine Insurance in the United States*, by S. S. Huebner.

This pamphlet also includes the proposed bill to regulate marine insurance which was approved by the Committee on Merchant Marine and Fisheries, December 11, 1920 (pp. 85).

There has been received the *Fourth Annual Report of the United States Employees' Compensation Commission* (1920, pp. 166).

Workmen's Compensation Act of Nova Scotia with Amendments to May, 1920, has been printed (Halifax, pp. 46); also *Report for 1920 of the Workmen's Compensation Board of Nova Scotia* (pp. 85).

Further reports received are: *Ninth Annual Report of the Industrial Insurance Department of Washington*, for 1920 (Olympia, pp. 75); and *Fourth Report of the State Industrial Accident Commission*, for the year ending June 30, 1919 (Salem, pp. 39).

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Walton H. Hamilton)

- ADAMS, G. P. *An apology for ethics*. Univ. Calif. Chronicle, Jan., 1921. Pp. 20. "Ethics becomes an inquiry into the adequacy of existing social institutions to satisfy the requirements of human nature. . . . Ethics becomes the focusing point not only for the psychological sciences, but for the historical and social sciences as well."
- BERNARD, L. L. *Herbert Spencer's work in the light of his life*. Monist, Jan., 1921. Pp. 33. A study of the development of the theory of laissez faire in his writings in terms of the facts of his life.
- BEVERIDGE, W. H. *Economics as a liberal education*. Economica, Jan., 1921. Pp. 18. "The liberty of spirit which a liberal education should give is at bottom liberty from the economic motive, a capacity to value things and to decide upon courses of action, not because they pay, but by reference to other standards."
- CLARK, J. M. *Soundings in non-Euclidean economics*. Am. Econ. Rev. Supp., Mar., 1921. Pp. 11.
- CLÉMENT, H. *Le problème de la valeur et l'économie pure, d'après les théories actuelles*. Réf. Soc., Dec., 1920. Pp. 14. "L'économie politique est la science qui étudie les choses ayant une valeur et susceptibles d'appropriations dans leur production, leur circulation et dans leur rapports avec les hommes."
- DAVENPORT, H. J. *The post-war outlook*. Am. Econ. Rev., Mar., 1921. Pp. 15.
- DEAN, J. C. *Mutations in human progress*. Forum, Mar., 1921. Pp. 10. The record of civilization shows that the "security of private property" has been the indispensable condition to the development of art, literature, and the amenities of life.
- DOWD, J. *Industrial democracy*. Am. Journ. Soc., Mar., 1921. Pp. 7. "Shall we have self-direction, democracy, and fellowship in the industrial world, or shall we have bolshevism? One or the other is coming."
- ESTCOURT, R. *What is property?* S. Atlantic Quart., Jan., 1921. Pp. 9. An argument that confusion has been caused by the application of the same word "property" to both consumers' goods and the instruments of production.
- GONNARD, R. *L'économie nouvelle.—A propos d'un livre récent*. Rev. d'Econ. Polit., Jan.-Feb., 1921. Pp. 13. A critical review of Georges Valois, *L'Economie Nouvelle*.
- HORWILL, H. W. *Arrested inventions*. Discovery, Mar., 1921. Pp. 3. A study, in specific instances, of the causes which tend to arrest the development of the industrial arts.
- HOSLETT, G. *Vers le productivisme*. Rev. de l'Inst. de Soc., Jan., 1921. Pp. 24. A critical examination of Marxian economics in the light of the social problems which the end of the war has brought.
- HUTCHINS, B. L. *The creative impulse in industry*. Contemp. Rev., Feb., 1921. Pp.

8. "It is not only more material goods that men need, but more freedom, more self-direction, more outlet for creativeness, more opportunity for the joy of life, more voluntary coöperation, and less involuntary subservience to purposes not their own." B. Russell.

LOVEJOY, A. O. *Profit-sharing and industrial peace*. Intern. Journ. Ethics, Apr., 1921. Pp. 23. A distinction between types of profit-sharing in terms of their purposes. An argument that a scheme cannot both meet "business reasons" and make for "a substantial and enduring improvement in industrial relations."

MARRIOTT, J. A. R. *The problem of unemployment*. Fortn. Rev., Mar., 1921. Pp. 8. The paradox of a world "suffering at once from a shortage of commodities and from a surplus of labor" is due to "economic maladjustment" between "producer and consumer." Besides, the war and "labor" have had a hand in creating it.

MOELLER, H. *Zur Frage der "Objektivität des wirtschaftlichen Prinzips"*. Archiv f. Sozialwis., Apr., Dec., 1920. Pp. 46, 39. An adventure into the frontier of economics, psychology, and philosophy; a criticism of the work of Schmoller, Windelband, Weber, and others.

DUKE OF NORTHUMBERLAND. *The gospel according to Mr. Thomas*. Nat. Rev., Mar., 1921. Pp. 13. A feudal defense of capitalism against a collectivistic attack.

PARK, R. E. *Sociology and the social science*. Am. Journ. Sociol., Jan., 1921. Pp. 23. "It is upon the interpretation of the facts of experience that we formulate our creeds. . . . Our explanations of phenomena are the basis of technique and practical devices for combating nature and human nature."

PARRY, C. E. *A revaluation of traditional economic theory*. Am. Econ. Rev., Supp., Mar., 1921. Pp. 9.

PATTERSON, E. M. *The perils of the new economic nationalism*. Ann. Am. Acad., Mar., 1921. Pp. 8. "The contest is on a large scale and whole countries are organized. The struggle is less between individuals and groups of different countries than between nations."

POWELL, T. R. *How philosophers may be useful to society*. Intern. Journ. Ethics, Apr., 1921. Pp. 14. A homily upon this text from Mr. Justice Holmes: "A generalization is empty so far as it is general. Its value depends upon the number of particulars which it calls up to the speaker and the hearer. Hence the futility of arguments upon economic questions by one whose memory is not stored with economic facts."

RYAN, J. A. *The purpose of the state. Erroneous theories concerning the functions of the state*. Cath. World, Mar., Apr., 1921. Pp. 12, 8. "The state is under obligations to promote the welfare of its citizens as a whole, as members of families and as members of economic classes." It mediates between the individualistic and the socialistic principles in the organization of society.

SHADWELL, A. *Capitalism, II*. Edinburgh Rev., Jan., 1921. Pp. 20. "There is a fallacy in the assumption that riches beyond a certain point make any difference in actual living conditions; and if the poorer classes rise toward that point then the real difference between them and the rich diminishes no matter how much richer the rich may nominally be."

SHARP, F. C. *Some problems of fair competition*. Intern. Journ. Ethics, Jan., 1921. Pp. 23. A survey of many trade practices with the end of formulating principles for determining what is ethical in competitive buying and selling.

- SIMPSON, K. *A statistical analysis of the relation between cost and price*. Quart. Journ. Econ., Feb., 1921. Pp. 24. A statement of a method for a statistical check upon the theories of the relationship of cost to price and applications of the method.
- SOMBART, W. *Probleme der Wirtschaftsgeschichte*. Schmollers Jahrb., 1920. Pp. 19. A critical review of George von Below's *Probleme der Wirtschaftsgeschichte*.
- STOOFS, J. D. *The instinct of workmanship and the will to work*. Intern. Journ. Ethics, Jan., 1921. Pp. 17. A plea for the "christianization" of "workmanship" and other recently invented instincts.
- WELLS, W. R. *Natural checks on human progress*. Monist, Jan., 1921. Pp. 12. "In several ways . . . human nature itself limits the prospect of indefinite human progress."
- WOLMAN, L. *The theory of production*. Am. Econ. Rev., March, 1921. Pp. 20.
- WRIGHT, W. K. *McDougall's social psychology in the light of recent discussion*. Journ. Philosophy, Mar. 17, 1921. Pp. 11. McDougall is the "William James of social psychology." *The Introduction to Social Psychology* remains . . . the foundation for a psychological interpretation of human social life."
- YARROS, V. S. *Is there a law of human progress?* Intern. Journ. Ethics, Jan., 1921. Pp. 11. "The human will is a will to live, to remove obstacles . . . to solve riddles and realize the ideal. . . This will makes progress almost a law of human nature."

Economic History (United States)

(Abstracts by Amella C. Ford)

- ANDERSON, B. M., JR. *The return to normal*. Chase Econ. Bull., Feb. 28, 1921. Pp. 37. Discusses the unsound conditions which brought about the crisis of 1920, the extent to which these abnormal tendencies have been corrected by the crisis, and the remaining problems of readjustment.
- BROSHAR, H. *The first push westward of the Albany traders*. Miss. Valley Hist. Rev., Dec., 1920. Tells of the westward expansion of British trade between 1684 and 1695, as far as Mackinac and the Wabash, and of the alarm and resistance of the French.
- EVERMANN, B. W. *Can the Alaska salmon fisheries be saved?* Sci. Mo., Feb., 1921. Pp. 22. Discusses the life history of the sockeye salmon, questions the value of artificial propagation, as conducted, and sets forth a plan for the rehabilitation and conservation of these fisheries. Illustrated.
- FISH, C. R. *The German indemnity and the South*. Am. Hist. Rev., Apr., 1921. Pp. 2. Calls attention to certain differences between the economic situation of the South after the Civil War, and that of Germany under the Versailles peace.
- MILLS, C. M. *Joplin zinc*. Survey, Feb. 5, 1921. Pp. 10. Finds the mining area is American non-organized, and in control of small operators, with bad working and living conditions; gives a remedy and a program for the correction of the evils.
- MUMFORD, F. B. *A century of Missouri agriculture*. Mo. Hist. Rev., Jan., 1921. Pp. 21. A survey which includes facts as to prices, crops, conditions, in the old French and pioneer days, and the present methods of state aid to farming.

- SCHAFER, J. *Muscoda, 1763-1856*. Wis. Mag. Hist., Sept., 1920. Pp. 17. A study of the economic reasons for the settlement of this Wisconsin village, as an illustration of the light which local inquiry can shed upon general history.
- SEARS, L. M. *Philadelphia and the embargo of 1808*. Quart. Journ. Econ., Feb., 1921. Pp. 6. Shows from various contemporary accounts that Philadelphia enjoyed a boom in manufacturing during the embargo year that more than offset her commercial losses.
- SIMKINS, F. B. *Race legislation in South Carolina since 1865*. I. S. Atlantic Quart., Jan., 1921. Pp. 11. A summary with some discussion of the contents of the South Carolina black code of 1865 and the school laws of 1870-71. To be continued.
- STEVENS, W. B. *The Missouri tavern*. Mo. Hist. Rev., Jan., 1921. Pp. 36. Sketches the growth of the hotel business.
- TAYLOR, R. G. *Some sources for Mississippi valley agricultural history*. Miss. Valley Hist. Rev., Sept., 1920. Pp. 4. Gives a list of books on America by European travelers but emphasizes chiefly the observations of James P. Caird and of Finlay Dun as together forming a remarkable record of the expansion and conquest of the great Northwest in the sixties and seventies.
- WILLIS, H. E. *North Dakota's industrial program and the law*. Survey, Dec. 18, 1921. Pp. 2. Discusses what a state may own in the light of the recent Supreme Court decision which upheld the constitutionality of North Dakota's legislation of 1919.
- WOEHLKE, W. V. *What makes the Far West grow?* Am. Rev. Revs., Feb., 1921. Pp. 11. Outlines the achievements of the Far West during the past decade along the lines of agriculture, manufacturing, and foreign trade, and sketches future reclamation projects.

Economic History (Foreign)

- ASHLEY, W. *Bolshevism and democracy*. Quart. Rev., Jan., 1921.
- BLONDEL, G. *Le mouvement économique et social*. Réf. Soc., Jan., 1921.
- BRAIKEVITCH, M. V. *National economy*. Russian Econ., Jan., 1921.
- , *Russia and stability of Europe*. Russian Econ., Sept.-Oct., 1920. Pp. 5.
- BRYN, H. H. *Norway*. Mag. Wall St., Mar. 19, 1921.
- BUELL, R. L. *Political and social reconstruction in France*. Am. Pol. Sci. Rev., Feb., 1921.
- CLAPHAM, J. H. *Europe after the great wars, 1816 and 1920*. Econ. Journ., Dec., 1920.
- DARLING, M. C. *Prosperity and debt in the Punjab*. Indian Journ. Econ., Jan., 1921.
- DECHEENE, L. *Localisation des diverses productions*. Rev. de l'Inst. de Sociol., Sept., 1920.
- DI MODICA, G. *Le conseguenze economiche della guerra*. Rif. Soc., Jan.-Feb., 1921. Pp. 17. A critical essay taking its cue from Keynes' book.

- FAY, C. R. *Corn prices and the corn laws, 1815-1846*. Econ. Journ., Mar., 1921.
- FEI-SHI. *The financing of China before and after the beginning of the present century*. Econ. World, Feb. 26, 1921.
- FYFE, H. *The industrial outlook*. Finan. Rev. Rev., Mar., 1921.
- GREGORY, T. E. *The economics of employment in England*. Economica, Jan., 1921. Pp. 37.
- GRILLI, C. *La ricostruzione economica sociale in recenti pubblicazioni*. Riv. Intern., Nov.-Dec., 1920. Pp. 7.
- HAUSER, H. *La signification présente de l'histoire économique*. Rev. Intern. Sociol., Mar.-Apr., 1920.
- HOBSON, J. A. *The new industrial revolution*. Contemp. Rev., Nov., 1920.
- JÈZE, G. *The economic and financial position of France in 1920*. Quart. Journ. Econ., Feb., 1921.
- JOHNES, T. *Notes on the social and economic transition in Japan*. Econ. Journ., Mar., 1921.
- LEAO, J. DE S. *Brazil*. Mag. Wall St., Apr. 2, 1921.
- LEBON, A. *La paix économique de 1919*. Rev. Econ. Intern., May, 1920.
- LEDERER, E. *Die Bewegung der Privatangestellten seit dem Herbst 1918, die Entwicklung der Organisationen, die Gestaltung der Lebenshaltung und der Besoldung*. Archiv f. Socialwis., Jan., 1921.
- . *Social evolution during war and revolution*. Pol. Sci. Quart., Mar., 1921. Pp. 9.
- LEVY, R.-G. *Les clauses économiques du traité*. Rev. des Deux Mondes, June, 1920.
- LIESSE, A. *Quelques aspects de la vie économique et financière en Allemagne*. L'Econ. Franç., Dec. 25, 1921.
- LOTZ, W. *Die Brüsseler internationale Finanzkonferenz von 1920*. Schmollers Jahrb., 44 Jahrgang, Heft 4, 1920.
- MALINOWSKI, B. *The primitive economics of the Trobriand Islanders*. Econ. Journ., Mar., 1921.
- MARTIN, P. F. *The economic crisis in Latin-America*. Finan. Rev. Rev., Mar., 1921.
- MICHEL, E. *La valeur immobilière des régions libérées*. Journ. Soc. Stat. de Paris, Jan., 1921.
- MONDOLFO, R. *Il marxismo e la crisi europea*. Scientia, vol. XXVIII, N. CIV-12, 1920.
- MORRIS, H. *Les conséquences économiques de la guerre*. Rev. Econ. Intern., June, 1920.
- NART, J. *La desorganización económica de Europa*. Rev. Nacional de Econ., IX, 26, 1920.
- NIELSEN, R. *Denmark*. Mag. Wall St., Mar. 5, 1921.
- PETRESCU, N. *Financial conditions in Roumania*. Bankers' Mag., Feb., 1921.

- PETRUNKEVITCH, I. *The bolsheviks in the Crimea*. Yale Rev., Oct., 1920.
- RAFFALOVICH, A. *Quelques aspects économiques et financiers de l'Allemagne: revue de l'année 1920*. L'Econ. Franç., Feb. 3, 1921.
- . *Quelques aspects de la situation économique et financière de l'Allemagne*. L'Econ. Franç., Mar. 5, 1921.
- READ, C. *Some recent studies of the industrial revolution*. Quart. Journ. Econ., Feb., 1921.
- RYNARSKI, R. *Two years' record of the new Poland*. Econ. World, Jan. 22, 1921.
- SARKAR, B. K. *The economics of Hindu craft guilds and guild merchants*. Journ. Indian Econ. Soc., June, 1920.
- VONSCHULSE-GAVERNITZ, G. *The reconstruction of Europe*. Journ. Royal Stat. Soc., Dec., 1920.
- SIEPMANN, H. A. *The international financial conference at Brussels*. Econ. Journ. (London), Dec., 1920.
- SZENDE, P. *Die Krise der mitteleuropäischen Revolution*. Archiv f. Sozialwis., Jan., 1921.
- TSCHIRSCHKY, S. *Die Stellung der Sozialdemokratie zu den Kartellen*. Kartell-Rundschau, 18 Jahrgang, Heft 11, 1920.
- VAN GENNEP, A. *La nationalité géorgienne. Les causes de sa formation et de son maintien*. Rev. de l'Inst. de Sociol., Nov., 1920.
- WELLS, B. W. *Business and politics at Carthage*. Sewanee Rev., Oct.-Dec., 1920.
- Economic position of Spain*. Comm. Mo., Jan., 1921.
- The economic situation in soviet Russia*. Russian Econ., Jan., 1921.
- Remarkable growth of Canadian manufacturing as shown by latest census*. Analyst, Feb. 14, 1921.
- Spain retains most of economic gains resulting from the world war*. Americas, Mar., 1921.

Agricultural Economics

(Abstracts by A. J. Dadisman)

- BOEGER, E. A. *Rent contracts in typical counties of the wheat belt*. U. S. Dept. Agri. Bull. 850 (1920), Apr. 1920. Pp. 13. An analysis of systems of renting land. Data from tenants. Eight tables.
- BRADY, F. *Forest products research save millions*. Export, Jan., 1921. Pp. 5. The work and achievements of the Forest Products Laboratory at Madison, Wisconsin.
- DIXON, H. M. *Farm business analysis studies*. Journ. Farm Econ., No. 2, Apr., 1920. Pp. 14. The development of farm analysis studies, and the essential part of the studies of several groups of farms. Eight tables.
- DIXON, H. M. and PURDON, J. M. *Farm management in the Ozark region of Missouri*. U. S. Dept. Agri. Bull. 941 (1921), Apr., 1921. Pp. 52. A study of the organization and operation of 31 hilly and rolling upland farms and 48 valley and level-upland farms from survey records. A detailed study of 10 farms is given.

- DUREY, D. S. *A study of the Indian food problem.* Indian Journ. Econ., Jan., 1921. Pp. 16. Continued from last number.
- FENK, W. C. *An economic study of small farms near Washington, D. C.* U. S. Dept. Agri. Bull. 848 (1920), June, 1920. Pp. 19. A study of the organization of small market gardening farms. Data for the study from survey records from 152 farms. Seven tables.
- JACOB, S. *Immigrant farm colonies in southern New Jersey.* Mo. Labor Rev., Jan., 1921. Pp. 22. History, development, and activities of colonies of Italian farmers in New Jersey.
- JENNESS, O. B. *Coöperative marketing.* U. S. Dept. Agri., Farmers' Bull. 1144 (1920), Sept., 1920. Pp. 27. A discussion of purposes, possibilities, and methods of coöperative marketing.
- McNAIR, A. D. *Surveys of three typical farm areas in Arkansas.* Ark. Ext. Cir. 93 (1920), Sept., 1920. Pp. 32. An analysis of the farm business on 170 Arkansas farms. Fourteen tables and seven charts.
- PUTNAM, G. E. *Interest on land values as a factor in farm costs.* Annalist, Feb., 14, 1921. P. 1. A criticism of methods used in figuring farm costs.
- TAMAGNINI, G. *L'economia agraria negli studi di Ghino Valenti.* Riv. Intern., Dec., 1920. Pp. 10. A survey of the contributions of Valenti (who died at Rome, November, 1920, at the age of sixty-eight) to agricultural economics.
- THOMPSON, J. G. *Mobility of the factors of production as affecting variation in their proportional relation to each other in farm organization.* Journ. Pol. Econ., Feb., 1921. Pp. 31. The article points out various practical ways in which mobility of the factors of production may be secured.
- THOMSON, E. H. *American farmers' need for capital.* Ann. Am. Acad., Jan., 1920. Pp. 6. A discussion of capital in relation to farm earnings, forms of credit needed by farmers, and the part the federal land bank plays in meeting such needs.
- . *Selecting a farm.* U. S. Dept. Agri., Farmers' Bull. 1088, Mar., 1920. Pp. 27. A popular bulletin setting forth the fundamental points to be considered in selecting a farm.
- TOURNEY, J. W. *Reshaping our forest policy.* Sci. Mo., Jan., 1921. Pp. 18. A discussion of the evolution of our lumber industry, and disappearing forests, and proposed government and state legislation.
- Germany: coöperative dairies during the war.* Intern. Rev. Agri. Econ., Nov., 1920. Pp. 17. The development, amount of business, and financial results.
- Italy: the new tendencies in the recent changes in agricultural agreements.* Intern. Rev. Agri. Econ., Nov., 1920. Pp. 8. A discussion of recent agitation of agricultural laborers and tenants for better working conditions, more control of the management of the land, higher remuneration for their services, and how the state might intervene in making reforms.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- ALLEN, O. F. *Railway reconstruction in France and Belgium.* Ry. Age, Apr. 8, 1921. Pp. 4.

- ARMSTRONG, A. H. *The economic aspects of railway electrification.* Journ. Franklin Inst., Apr., 1921. Pp. 10.
- BASFORD, G. M. *Getting better results from railroad organizations.* Ry. Age, Feb. 25, 1921. Pp. 4.
- BIBBINS, J. R. *Economic aspect of our transportation routes.* Ry. Rev., Jan. 29, 1921. Pp. 3. Traffic distribution and coördination of transport facilities.
- CASTIAU, M. *La crise des transports au Brésil.* Rev. Econ. Intern., Feb., 1921. Pp. 27.
- CLARK, E. E. *The new problems of management and regulation.* Ry. Age, Apr. 1, 1921. Pp. 2. By the chairman of the Interstate Commerce Commission.
- CLARK, J. M. *An example of municipal research.* Journ. Pol. Econ., Mar., 1921. Pp. 8. The report of the Chicago commission on local transportation.
- CORDEAL, E. *Where the railroad and the motor-truck dovetail with profit.* Trans. World, Feb., 1921. Pp. 3.
- DAGGETT, S. *The railroad rate discrimination provision of the merchant marines act, 1920.* Annals, Mar., 1921. Pp. 6.
- DUNN, S. O. *Is the railroad problem really being solved?* Ry. Age, Jan. 28, 1921. Pp. 5. Author's reply is a qualified negative.
- EAGLESOME, J. *The problem of the canals.* Journ. Inst. Transport, Feb., 1921. Pp. 10. History of British waterways.
- FRITTS, J. C. *Cause of the present condition of freight cars.* Ry. Age, Jan. 28, 1921. Pp. 4. Bad condition due to pooling deferred retirements, labor conditions, and abuse in service; remedies suggested.
- GREEN, C. *Water transportation of American railroads.* Proc. Pacific Ry. Club, Nov., 1920. Pp. 8.
- HALLINAN, J. P. *What determines adequacy of railway maintenance.* Ry. Age, Feb. 25, 1921. Pp. 2. Suggested formula for mathematical determination.
- HARRIS, J. A. *Essential services in railway operations and control.* Ry. Gaz. (London), Jan. 14, 28, Feb. 25, 1921. Pp. 2, 2, 3.
- HARTLEY, G. *Opposition to England's proposed grouping of the railroads.* Trans. World, Feb., 1921. Pp. 3. Summary of railways' objections to consolidation scheme.
- HOOPER, W. E. *A billion-and-a-half-dollar experiment in government ownership.* Scribner's Mag., Apr., 1921. Pp. 5. The Canadian railway situation.
- KAHN, O. H. *The market of American railroad securities.* Forum, Apr., 1921. Pp. 9.
- VAN DER LEYEN, A. *Das Bundesverkehrsgesetz der Vereinigten Staaten von Amerika nach der Novelle vom 28 Februar, 1920.* Archiv f. Eisenbahnw., Jan.-Feb., 1921. Pp. 51. History of American interstate commerce act of 1920.
- LIESSE, A. *Le nouveau régime des chemins de fer d'intérêt général.* L'Econ. Franç., Dec. 11, 1920. Pp. 3.
- LINCOLN, J. C. *The readjustment of transportation rates.* Shipper & Carrier, Mar., 1921. Pp. 2. Specific data on increases since 1913.

MCLEAN, R. W. *Troop movements on the American railroads during the great war.* Am. Hist. Rev., Apr., 1921. Pp. 25. Describes the methods by which the special government board under Mr. George Hodges handled the problem of troop transportation.

DE NOUVION, G. *Les comptes des chemins de fer de l'état en 1919.* Journ. des Econ., Mar. 13, 1921. Pp. 8.

PARMELEE, J. H. *An optimistic view of the railway situation.* Ry. Age, Feb. 11, 1921. Pp. 2.

PASZKOWSKI, F. *Eisenbahnpolitik Norwegens.* Archiv f. Eisenbahnw., Nov.-Dec., 1920. Pp. 46.

PAYNE, J. L. *Canada's heavy loss from government railways.* Ry. Age, Apr. 8, 1921. Pp. 3.

PESCHAUD, M. *Labour to participate in French railway management.* Ry. Gaz. (London), Feb. 11, 1921. Pp. 3. Analysis of new "statut des agents de chemins de fer."

_____. *La réorganisation des chemins de fer Grecs.* Rev. Gen. des Chemins de Fer, Jan., 1921. Pp. 6.

POYNTON, J. J. *The Trans-Australian railway.* Ry. Gaz. (London), Jan. 7, 1921. Pp. 3.

RHEA, F. *Railway valuation.* Ry. Rev., Feb. 5, 12, Mar. 12, 1921. Pp. 5, 5, 4. Additional numbers in series already noted.

RISQUE, J. P. *British railways predominated in Argentina.* Ry. Age, Feb. 18, 25, Mar. 4, 1921. Pp. 3, 3, 3.

SCHLOBOHM, O. A. *The controversy now before the Supreme Court regarding the power to regulate intrastate railroad rates.* Econ. World, Apr. 2, 1921. Pp. 3.

TRAUTVETTER, K. *Das deutsche Verkehrswesen.* Archiv f. Eisenbahnw., Nov.-Dec., 1920. Pp. 22.

WERNEKE. *Die französischen Eisenbahnen in und nach dem Krieg.* Archiv f. Eisenbahnw., Nov.-Dec., 1920. Pp. 16.

WILLARD, D. *Some present day problems of the railroads.* Ry. Age, Feb. 18, 1921. Pp. 2. Magnitude of problem, also seasonal, periodic, and economic aspects.

_____. *Three epochs of American history.* Ry. Age, Apr. 1, 1921. Pp. 3. Railroad history to the period of government control, during that period, and since.

Die bayerischen Staatseisenbahnen in den Jahren 1916 und 1917. Archiv f. Eisenbahnw., Jan.-Feb., 1921. Pp. 10.

Die Eisenbahnen in Norwegen in den Jahren 1917-18 und 1918-19. Archiv f. Eisenbahnw., Mar.-Apr., 1921. Pp. 8.

Die Eisenbahnen in Schweden. Archiv f. Eisenbahnw., Nov.-Dec., 1920. Pp. 12. Years 1913 to 1916 on the Swedish railways.

Die Eisenbahnen des Südafrikanischen Staatenbundes im Rechnungsjahr vom 1 April 1918 bis 31 März 1919. Archiv f. Eisenbahnw., Mar.-Apr., 1921. Pp. 12.

Le nouveau régime des chemins de fer et le rapport de M. Henri Lorin. Journ. des

- Econ., Nov. 15, 1920. Pp. 16. Railway reorganization in France treated historically and analytically. Proposed solutions.
- Oldham's railroad merger plan.* Trans. World, Feb., 1921. Pp. 2. Summary of railway consolidation plan proposed by John E. Oldham of Boston.
- Organisation of the Ministry of Transport.* Ry. Gaz. (London), Jan. 28, 1921. Pp. 7. With organization chart and illustrations.
- Proposed amalgamation of L. & N. W. R. and L. & Y. R.* Ry. Gaz. (London), Apr. 1, 1921. Pp. 11.
- The Siamese state railways.* Far East Rev., Mar., 1921. Pp. 6. Statistics for 1918-1920.
- Die vereinigten preussischen und hessischen Staatseisenbahnen im Rechnungsjahr 1918.* Archiv f. Eisenbahnw., Nov.-Dec., 1920. Pp. 21.

Commerce

(Abstracts by Harry R. Tosdal)

- BERGLUND, A. *Discriminatory duties on imports in American bottoms.* Ann. Am. Acad., Mar., 1921. Pp. 11. Is not inclined to favor proposal to impose discriminatory duties in favor of imports entering this country in American vessels, although asserts that aid in some form should be rendered to new shipping.
- BUSHNELL, S. *The relative importance of coöperative and other retail traders.* Economica, Jan., 1921. Pp. 64. Statistical study of proportion of population buying government butter from multiple shops, coöperative stores, and private dealers.
- BYRNES, R. M. *America's choice between profitable foreign investments and loss of export trade.* Econ. World, Mar. 12, 1921. Pp. 5. Points out that United States can hold trade gained during the war only by investing in industries of desired markets.
- CADOUX, G. *Les relations commerciales françaises avec le Chili.* L'Econ. Franç., Jan. 15, 1921. Pp. 2. Discussion of French trade with Chile and possibilities for future development. Regrets neglected opportunities of wholesale trade.
- GOTTLIEB, L. B. *L'industrie de la soie: les Etats-Unis et Japon.* Feb. 15, 1921. Pp. 15. Statistical examination of Japanese silk production and exports during year 1919-20 with special reference to financial panic and price movement.
- GOOD, E. T. *German dumping.* Finan. Rev. Rev., Mar., 1921. Pp. 18. Warns Great Britain of great dangers of dumping and need for legislation against German practices.
- MACARA, C. *Survey of the cotton industry.* Finan. Rev. Rev., Mar., 1921. Pp. 9. Survey of the cotton industry by the first president of the International Cotton Federation.
- MCPHERSON, J. B. *Annual wool review for 1920.* Bull. Nat. Assoc. Wool Mfrs., Jan., 1921. Pp. 88. Detailed statistical analysis of wool market, production and prices during 1920.
- MIDDLETON, P. H. *German plans to extend foreign trade.* Econ. World, Feb., 1921. Pp. 3. German exports for first five months of 1920 were valued at more than twice those for whole of 1919.
- MORITZEN, J. *Promising commercial future of the new Baltic States.* Annalist,

- Feb. 28, 1921. Pp. 2. Tariff and transportation relations with Germany, Poland, and Russia are most important problems to be solved. Esthonia, Latvia, and Lithuania afford very good future markets for American goods.
- NOTZ, W. *New phases of unfair competition and measures for its suppression—national and international.* Yale Law Journ., Feb., 1921. Gives causes of efforts to improve standards governing world trade and examples of progressive legislation of various countries for prevention of unfair competition in national and international commerce; states that court decisions, however, have tended to follow pre-war precedent. Lists methods condemned by Federal Trade Commission.
- PLAUT, T. *Die Bedeutung des Dumping für die gegenwärtige englische Handelspolitik.* Weltwirtsch. Archiv, Jan., 1921. Pp. 23. An examination of the nature of dumping, its practical importance, and a critical survey of anti-dumping legislation with special reference to the English situation.
- PRICE, F. T. *The present through export bill of lading and the liability of carriers thereunder for loss and damage in transit.* Econ. World, Mar. 19, 1921. Pp. 2.
- DEL VILLAR, E. H. *La política de alianzas y el comercio exterior.* Rev. Nacional de Econ., vol. VIII, no. 25, 1921. Pp. 11. Statistical survey of Spain's international trade in 1911, 1912, and 1913. Approves of closer relations with France and England, but does not favor a military alliance.
- WARD, S. E. *International trade in wheat.* Comm. Mo., Feb., 1921. Pp. 11. "The dominant factors which will finally determine European demand are low purchasing power and policy of governmental regulation and control, which has resulted from it."
- WYSE, R. C. *The selling and financing of the American cotton crop.* Econ. Journ., Dec., 1920. Pp. 11. Outlines method of financing cotton in United States.
- Le commerce de la Chine.* L'Econ. Franç., Jan. 29, Feb. 5, 1921. Pp. 2, 3. (1) Translation of statistical report on Chinese trade by a prominent Shanghai customs official. (2) Takes up imports and exports.
- Financing foreign trade.* Journ. Am. Bankers Assoc., Jan., 1921. Pp. 8. Addresses given at conference of American Bankers Association held in Chicago, December 10 and 11, 1920. Immediate organization of national Edge law corporation, capitalized at \$100,000,000 was authorized.
- The foreign trade situation.* Bull. N. Y. Chamber Comm., Jan., 1921. Pp. 15. Report of the committee of finance and currency made to the Chamber of Commerce on securing relief for our foreign trade. Asserts that United States might serve its own ends better by strengthening credit and helping to reduce financial burdens of continental Europe than by inflating prices here with revival of War Finance Corporation and artificial increase of credits.
- Future outlook for the copper industry is one of great promise.* Americas, Jan., 1921. Pp. 8. Fact that it is best suited of all metals for use in electrical equipment makes copper of increasing importance.
- The iron and steel industry—a barometer of the world's industrial progress.* Americas, Mar., 1921. Pp. 9. Brief, illustrated description of iron and steel industry, emphasizing present position of United States.
- Mexico. A great market for American manufacturers.* Americas, Jan., 1921. Interesting, illustrated account of trade possibilities in Mexico.

Public Utilities

(Abstracts by Charles S. Morgan)

- BARKER, H. *Incentive in service-at-cost*. Aera, Mar., 1921. Pp. 6. A consideration of the technique of service-at-cost franchises. A bonus to stockholders on the one hand and to management and men on the other as a reward for efficiency is suggested.
- BARSTOW, W. S. *Common stock the basis of financing*. Elec. World, Feb. 5, 1921. Pp. 2. Regulation, which is held to have encouraged the financing of utilities with funded debt obligations, should now assist utilities in making greater use of stock financing.
- BIBBINS, J. R. *Some latent possibilities in valuation practice*. Aera, Feb., 1921. Pp. 5. The valuation problem needs more concentrated, less disparate, study. A careful reconstruction of the past history of each utility undertaking is essential to the determination of the relative equities of the investor and the public.
- BIGGAR, E. B. *The Ontario Power Commission: its origin and development*. Journ. Pol. Econ., Jan., 1921. Pp. 27. A comprehensive treatment of the objects and accomplishments of this important undertaking in the field of public enterprise.
- CLARK, J. M. *An example of municipal research*. Journ. Pol. Econ., Mar., 1921. Pp. 8. Report of Thompson Commission on Local Transportation of the City of Chicago, 1920, is shown to be entirely inadequate to meet the needs of the situation.
- EDGERTON, E. O. *Improving laws concerning regulation of public utilities*. Journ. of Elec., Mar. 15, 1921. Pp. 2. Former California commissioner suggests that state commissions be given wider grants of power and more stable personnel. Commissions should be able to decapitalize overcapitalized companies and operate the inefficient or bankrupt ones.
- FOGARTY, F. J. *Previous financial methods—a review of history of electric railway financing in this country during past thirty years*. Aera, Mar., 1921. Pp. 6. A valuable survey of subject indicated, with prediction that new methods will have to be devised.
- FREEMAN, F. C. *Principles governing rate making*. Gas Age, Feb. 25, 1921. Pp. 3. Critical analysis of various forms of gas rates used in this country.
- E. C. G. *Public utility rates—state power over municipality*. Mich. Law Rev., Mar., 1921. Pp. 2. Review of recent cases in which the state is held, under its police power, to be able to modify contract or franchise rates.
- R. L. H. *Public utility valuation, the "unearned increment" and the depreciated dollar*. Col. Law Rev., Feb., 1921. Pp. 2.
- JACKSON, J. P. *Policies for future power development*. Mech. Engg., Feb., 1921. Pp. 6. A comprehensive discussion of the need for unified power development in view of the shortage of central-station electric power. Consideration of some of the financial, corporate, and managerial problems involved.
- McLAUGHLIN, J. F. *Jitney or bus competition*. Stone & Webster Journ., Jan., 1921. Pp. 16. A good resumé of the arguments for a rigid regulation of jitney or bus competition with electric railways.
- MATHEWS, N. *The valuation of property in the Roman law*. Harvard Law Rev., Jan., 1921. Pp. 31. Instructive discussion of the general principles of valuation

developed under the Roman law. These are held to have an important application to the valuation practice of the present time.

NASH, L. R. *Outlook for service-at-cost franchises.* Elec. Ry. Journ., Jan. 1, 1921. Pp. 8. A brief review of service-at-cost franchises which have been adopted or rejected during past two years and of those now under consideration, with special reference to their provisions for securing economy and efficiency.

RAYMOND, W. G. *Value versus investment as a basis for utility service rates.* Journ. Am. Water Works Assoc., Jan., 1921. Pp. 10.

SAWYER, W. H. *Rates of fare and revenue.* Aera, Apr., 1921. Pp. 4. While no one fare can be recommended for universal use, experience with the higher rates of fare is said to show that they produce the maximum of earnings.

STIRLING, E., and COOKE, M. L. *The fate of the five-cent fare.* XIII. *Philadelphia succumbs.* Nat. Munic. Rev., Mar., 1921. Pp. 7. Philadelphia appears to be about to undertake a thoroughgoing solution of its persistent street railway problem.

STORRS, L. S. *Our national fare experiment.* Elec. Ry. Journ., Jan. 1, 1921. Pp. 10. In recent years a variety of fares have displaced the customary five-cent fare, but no standard fare has been or probably will be developed. Survey of local experiences with fare increases and zone fares.

THOMPSON, C. D. *Railway and utility commissions show their corporation affiliations by resolutions.* Am. Municipalities, Feb., 1921. Pp. 3. Exception is taken to unfavorable report on municipal ownership made by National Association of Railway and Utilities Commissioners.

TRAYLOR, M. A. *Municipal aid in financing.* Aera, Mar., 1921. Pp. 5. Extensions of street railways into new territory should be financed with aid of credit of municipality, but any form of public guarantee of earnings is considered undesirable.

WHITE, L. D. *The origin of utility commissions in Massachusetts.* Journ. Pol. Econ., Mar., 1921. Pp. 20. An informative survey of the conditions which led to the creation of permanent regulatory bodies in Massachusetts.

WILCOX, D. F. *Danger points in "service at cost."* Am. Municipalities, Apr., 1921. Pp. 3. Overvaluation, an unnecessarily liberal rate of return, the absence of a maximum fare limit and the removal of inducements for economy and efficiency are stated to be points of danger in service-at-cost franchises.

Adjusting fare to length of ride. Elec. Ry. Journ., Apr. 9, 1921. Pp. 7. Description of an experiment in "merchandising" electric railway transportation service.

Emergency commission bill signed. Elec. Ry. Journ., Apr. 2, 1921. P. 1. Brief summary of recent New York legislation which has completely overhauled the regulatory machinery of that state.

Fare increases continue. Aera, Feb., Apr., 1921. Pp. 23, 10. Data on fare increases in the 288 cities of over 25,000 population, here set forth, show further increases in the general level of fares.

From coach and omnibus to electric car. Stone & Webster Journ., Mar., 1921. Pp. 13. Interesting account of early transit conditions in Boston and vicinity.

Governor Miller deals with transit problem. Greater N. Y., Feb. 7, 1921. Pp. 4. Complete text of Governor Miller's message recommending a thorough reorganization of the machinery for the regulation of utilities in New York state.

Governors hold state regulation of utilities is essential. Elec. World, Feb. 12, 1921; Gas Age, Mar. 25, 1921. Pp. 2, 2. Replies of 34 governors, here given, show general approval of state utility regulation.

How Indiana commission works. Elec. Ry. Journ., Feb. 5, 1921. Pp. 5.

Many suggestions for relief of electric railways. Elec. Ry. Journ., Jan. 8, 1921. P. 1. Abstracts from a recent report of Public Utilities Commission of Connecticut, presenting a general review of electric railway situation in that state and numerous recommendations looking to its improvement.

Public utilities commission of the nutmeg state. Elec. Ry. Journ., Jan. 29, 1921. Pp. 4. Interesting account of history and present practice of regulation in Connecticut.

Service at cost for street railways: a symposium. Nat. Munic. Rev., Supp., Feb., 1921. Pp. 29. J. F. Jackson, Boston: The public trustee plan (pp. 5). A brief statement of the purposes and accomplishments of the public trustee plan which is now being experimented with in Massachusetts. F. Sanders, Cleveland: Service-at-cost and efficient management (pp. 9). A valuable statement by city street railroad commissioner of Cleveland of the reasons for and evidences of the success of the Cleveland franchise. "Incentive" franchises are considered undesirable. E. I. Lewis: Indianapolis retains the five-cent fare (pp. 9). Chairman of Indiana commission shows how, through economies and financial reorganization, Indianapolis was able to maintain the five-cent fare, and why service-at-cost was rejected. C. M. Fassett: Service-at-cost versus municipal ownership. Seattle's experience (pp. 6). Service-at-cost is held to be a transition stage to public ownership. Seattle's experience with municipal trolleys inconclusive.

The truth regarding Cleveland's light plant. Investigation shows reported prosperity to be myth. Public Service Manag., Feb., 1921. Pp. 8. Extended discussion of the merits of this important municipal undertaking.

Water-supply statistics of metered cities. Am. City, Dec., 1920, Jan., 1921. Pp. 8, 9. Statistics permitting comparison of water rates in all cities of over 1,000 population in United States and Canada which have metered service.

Year's statistics encouraging. Aera, Apr., 1921. Pp. 7. Comparison of statistics for 1919 and 1920, here set forth, shows some improvement in finances of electric railways.

Accounting

(Abstracts by Martin J. Shugrue)

BAUER, J. *Is increase in capital income and, as such, taxable?* Annalist, Jan. 31, 1921. P. 1. A recent decision of the Federal District Court in Connecticut disputes the verdict of the Revenue Department that profits from investments, realized by a non-trader, are income. Distinction between traders and investors difficult to make. Failure to recognize accrual period a second objection to present law.

BEXELL, J. A. *A proposal for junior C. P. A. examinations.* Journ. Account., Mar., 1921. Pp. 6.

COPELAND, M. A. *Seasonal problems in financial administration.* Journ. Pol. Econ., Dec., 1920. Pp. 34. The budget and the report are the basis of executive control which is described here.

- GORDON, S. R. *Comparative cost records as an aid to manufacturing profits*. Indus. Manag., Jan. 1, 1921. Pp. 6. How attention to details, such as decreasing the waste in cutting cloth in a textile mill and the irregular stretching in the dye house effected a saving of more than \$16,000 a year. Also describes saving due to the installation of a simple bonus system in a machine shop.
- GRAVES, M. *Amendments of New York income-tax law*. Journ. Account., Mar., 1921. Pp. 3.
- GREELEY, H. D. *Accounting in decedents' estates*. Administration, Feb., 1921. Pp. 10. What the accounting duties of the executor are.
- HAWKINS, L. G. *Reconciling depreciation and appraised values of industrial equipment*. Engg. Mag., Sept., 1920. Pp. 3. Numerous instances that have arisen in computing federal income and excess profits taxes have shown wide discrepancies between the book values of industries and the appraised values ascertained by an engineering survey.
- HILL, J. H. *Information desired by a banker*. Journ. Account., Nov., 1920. Pp. 5. How a banker analyzes a credit statement and what information the statement should contain.
- JACKSON, J. H. *Neglected commercial discounts*. Journ. Account., Nov., 1920. Pp. 8. In each case the element of discount should be added to the real sales or purchases to determine the net sales revenue or purchases outgo of the period, and the reasons will be obvious as the discussion proceeds.
- . *Some problems in depreciation*. Journ. Account., Feb., 1921. Pp. 20. Discusses such matters as proper basis for computing depreciation, treatment of unexpected losses from obsolescence and deduction of depreciation in determining the just amount on which a utility may earn.
- KONOPAK, L. T. *Factory costs*. Journ. Account., Nov., 1920. Pp. 9. Describes a cost system for a factory manufacturing transmissions.
- McKINSEY, J. O. *Budgetary control and administration*. Administration, Jan., 1921. Pp. 9. Nature of information necessary for exercise of such control and the method by which this information may be obtained and used.
- . *The sales budget for business*. Administration, Feb., 1921. Pp. 15. The first step in the preparation of a firm's budget is usually made by the sales department after which estimates for the other departments are drawn up.
- MITCHELL, P. D. *Accounting for income in eleemosynary institutions*. Journ. Account., Nov., 1920. Pp. 9. Rising costs have produced serious problems of accounting significance in the case of institutions whose income largely arises from long-term investments.
- NAU, C. H. *The American Institute of Accountants*. Journ. Account., Feb., 1921. Pp. 6. Brief history of the American Institute of Accountants and C. P. A. law.
- NEWHAUSER, C. M. *Methods in credit accounting*. Administration, Feb., 1921. Pp. 18. Deals with the analysis of a credit statement by a banker. Illustrated with credit forms and comparison sheets.
- NICHOLSON, J. L. *Relation of cost department to other departments*. Administration, Jan., 1921. Pp. 8. Explanation of the specific functions of a cost de-

partment and its relation to foreman, superintendent, sales department, and chief executive.

VAN OSS, A. *Computation of commissions and federal taxes.* Journ. Account., Jan., 1921. Pp. 20. The computation of commissions and federal taxes is in several instances complicated by the necessity of computing the commissions upon profits after deducting the federal tax. Illustrated with five concrete problems.

PATON, W. A. *Interest during construction.* Journ. Pol. Econ., Oct., 1920. Pp. 16. The viewpoints of the economist and accountant must be of necessity very different. There are important reasons why for purposes of the balance sheet construction and other property accounts should not contain interest charges.

RAYMOND, W. G. *Value versus investment as a basis for utility service rates.* Journ. Am. Water Works Assoc., Jan., 1921. Real investment as nearly as it can be obtained is the fairest and the best basis for rate making and such allowance as must be made for changed conditions should be made in the rate of return.

SAMPSON, E. T. *Municipal accounting.* Canadian Munic. Journ., Feb., 1921. Pp. 2.

SPLAWN, W. M. W. *Reproduction cost as a basis of valuation.* Journ. Pol. Econ., Feb., 1921. Pp. 4. An unfavorable criticism of reproduction cost as a basis of valuation.

STACKHOUSE, G. F., JR. *Accounting for the tungsten industry.* Pace Student, Dec., 1920. Pp. 5. Outlines the accounting classification and describes the various books and records required.

SWEET, H. N. *Treatment of commitments of purchasers, etc., on certified balance sheets.* Journ. Account., Mar., 1921.

VAN PELT, A. F. *The amortization of war facilities.* Pace Student, Jan., 1921. Pp. 5. Deductions permitted under the amortization section of the Revenue act greatly exceed in value the deductions allowed under any other clause of the law.

VOLLERTSEN, E. P. *Fiduciary accounting.* Journ. Am. Bankers Assoc., Mar., 1921. Pp. 5. This is the second article by the same author outlining and illustrating the system used by the corporate trust department of a bank.

WILCOX, D. F. *Working capital in street railway valuation.* Ann. Am. Acad., Nov., 1920. Pp. 24. Cites numerous cases to show the problems and methods involved in arriving at the proper figure for working capital of a street railway. Street railways are not entitled to include working capital as a part of their rate base.

Classification of profits on investments. Journ. Account., Feb., 1921. Pp. 5. Comments on the decision in the case of *Brewster v. Walsh* by the federal district court of Connecticut, holding that profits realized from the sale of investments or capital assets are not income, and, therefore, are not taxable.

Some notes on the negotiation of foreign bills. Bankers' Mag. (London), Dec., 1920. Pp. 7. The consideration of the subject of negotiation of bills involves several new factors, affecting the position of both customer and banker, which do not arise in the case of collections.

Suggestions for professional conduct. Pace Student, Dec., 1920. Pp. 3. Most of the leading professional accountancy firms have codes of conduct which all members of their staffs are required to observe. One of the most comprehensive of such codes is that prepared by Haskins & Sells. It is reproduced in this article.

Labor and Labor Organizations

(Abstracts by David A. McCabe)

- ANDREWS, J. B. *Unemployment prevention and insurance*. Am. Lab. Legis. Rev., Dec., 1920. Pp. 8.
- . *Reducing unemployment by planning public works*. Nat. Munic. Rev., Apr., 1921. Pp. 6.
- BAUER, S. *Past achievements and future prospects of international labour legislation*. Econ. Journ., Mar., 1921. Pp. 10. Sketches the pioneer work of the International Association for Labor Legislation and favors its continuance independent of the International Labor Conference of the League of Nations.
- BEYER, C. M. *A minimum wage conference at work: award for District of Columbia laundry workers*. Mo. Lab. Rev., Mar., 1921. Pp. 3.
- BLOOMFIELD, M. *Steady work: the first step in sound industrial relations*. Am. Lab. Legis. Rev., Mar., 1921. Pp. 3.
- BOAS, P. R. *The Loyal Legion of Loggers and Lumbermen. A suggestion for capital and labor*. Atlantic, Feb., 1921. Pp. 7.
- BRISSENDEN, P. F. and FRANKEL, E. *Mobility of labor*. Pol. Sci. Quart., Dec., 1920. Pp. 35. Concerned with the measurement, extent, and causes of labor changes. Shows the relative responsibility of the different influences making for instability and the effectiveness of liberal labor policies and centralized systems of employment in reducing unnecessary mobility.
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Money, Prices, Credit, and Banking

(Abstracts by C. A. Phillips)

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Public Finance

(Abstracts by Charles P. Huse)

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- SAKOLSKI, A. M. *Simplification of fiduciary income tax forms*. Trust Companies, Jan., 1921. Pp. 3. Shows need of uniformity among accountants, lawyers, and tax officials.
- SENSINI, G. *Ulteriori classificazioni dei problemi principali della finanza*. Giorn. d. Econ., Oct., 1920. Pp. 15.
- TRAYLOR, M. A. *Tax exemption of securities*. Journ. Am. Bankers Assoc., Dec., 1920. Pp. 4. Disastrous to sound public finance, industrial growth, and national thrift.
- TROUTON, R. *Cancellation of the inter-allied debts*. Econ. Journ., Mar., 1921. Pp. 8. Favors cancellation.
- VIERLING, F. *Effect of federal inheritance taxes on property transferred under voluntary trusts*. Trust Companies, Jan., 1921. Pp. 5. Explains the conditions under which trusts created by living persons are nevertheless taxable.
- WALLACE, B. B. *American tariff policy in the Pacific possessions and in the Far East*. Pacific Rev., Dec., 1920. Pp. 14. Gives the history of our tariff policy and outlines present problems.
- WHITE, E. *Income distribution in the United States for the year 1918; and the functions of the statistical division, income tax unit*. Econ. World, Feb. 5, 1921. Pp. 3. Analyzes statistics for individual and corporation taxes.
- WILLIAMSON, K. M. *The effects of varying the rate of the tax on spirits*. Quart. Pubs. Am. Stat. Assoc., Dec., 1920. Pp. 14. American experience shows that spirits have an inelastic demand and that for some time before the war the government did not fully utilize spirits for revenue purposes.
- Bibliography on income taxes*. Bull. Nat. Tax Assoc., Mar., 1921. Pp. 2. References to books and articles.
- La Haute-Silésie et les réparations*. L'Europe Nouvelle, Jan. 23, 1921.
- L'import sur le chiffre d'affaires*. Rev. Sci. de Légis. Finan., Oct.-Dec., 1920. Pp. 4. In effect from July 1, 1920, this new tax is expected to produce a large revenue.
- Operation of the general property tax*. Bull. Nat. Tax Assoc., Mar., 1921. Pp. 2. Report of the South Carolina Special Revenue Committee, illustrating the injustice of the system.
- A plan for equalizing changes in tariff duties due to fluctuations in exchange*. Bull. Nat. Assoc. Wool Mfrs., Jan., 1921. Pp. 18. Depreciation in foreign currencies calls for changes in tariff administration.
- Tax exempt securities—tax-free interest*. Bull. Nat. Tax Assoc., Mar., 1921. Pp. 3. The chamber's resolution against further issue of tax-exempt securities.
- Taxation of foreign corporations*. Yale Law Journ., Mar., 1921. Pp. 3. Constitutional, when a bona fide attempt is made to estimate the "true value" or allocate the property.
- Taxing both income and property*. Bull. Nat. Tax Assoc., Mar., 1921. P. 1. South Carolina Revenue Committee holds it is not a case of double taxation.

Population and Migration

(Abstracts by A. B. Wolfe)

- BOGGS, T. H. *Oriental immigration from the Canadian standpoint.* Pacific Rev., Dec., 1920. Pp. 11. Indian immigration within the British Empire in an imperial question of the widest dimensions. Through the agreement of 1908 Hindoo immigration to Canada has been practically prevented. By an agreement with Japan passports for Japanese coming to Canada are limited to 486 annually. Despite a head tax of \$500 levied on Chinese since 1904 the number of Chinamen entering steadily increased up to 1914.
- BOLCH, L. *The ability of European immigrants to speak English.* Quart. Pub. Am. Stat. Assoc., Dec., 1920. Pp. 15. The problem of learning to speak English affects the first generation only. Concentration of immigrants does not seem to retard the learning of English. Five Southern states, Arizona to Florida, show exceptionally large proportions of those not able to speak English.
- CAMPBELL, P. *Asiatic immigration into Australia.* Economica, Jan., 1921. Pp. 10. Reviews the history of Asiatic immigration as a political issue in Australia. Concludes that "in adopting the shibboleth 'White Australia,' the Australian people have been unjust to their own cause."
- CORRÉARD, J. *Organization financière d'une caisse nationale des grandes familles.* Mus. Soc., Mem. et Doc., Oct., 1920. Pp. 17. A report to the Conseil supérieur de la natalité, May, 1920.
- COX, H. *Population and progress.* Edinburgh Rev., Oct., 1920. Pp. 13. None of the modern means for trying by devices of state subsidies to mothers to get over the evils of uncontrolled birth rates remove the ultimate necessity of that control. A low birth rate is a *sine qua non* to human progress. The author is editor of the *Edinburgh Review*.
- . *War and population.* Edinburgh Rev., July, 1920. Pp. 17. A vigorous article showing the desirability and necessity of birth control.
- HERSCH, L. *La situation sociale et l'état stationnaire de la population française.* Rev. de Paris, Feb. 15, 1921. Pp. 16. An informing and non-hysterical article based on Paris statistics. Gives some valuable new data on birth rates by social status. Emphasizes the necessity for a lower death rate. The French population is "burning the candle at both ends"—a low birth rate and a high death rate.
- LACON, G. *Raisons qui justifient l'institution d'une contribution nationale et d'une assurance familiale en faveur des familles nombreuses.* Mus. Soc., Mem. et Doc., Oct., 1920. Pp. 24. A report presented to the Conseil supérieur de la natalité, April, 1920. Reviews provisions of recent laws. Two comprehensive positive measures are advocated: government contribution to the cost of large families, and family insurance.
- LAYRD, J. *Malthus's devil.* Hibbert Journ., Oct., 1920. Pp. 13. A stimulating and thoughtful article. While Malthus's method of presentation is open to criticism, there is no escaping the fundamental logic of Malthusianism. It is rash to think that human beings should deplore the necessity of limiting their numbers.
- MILLARD, C. K. and others. *The falling birth rate: is it to be deplored?* Journ. Royal Sanitary Inst., Sept., 1920. Pp. 21.
- PEARL, R. *Effect of the war on the chief factors of population change.* Science,

June 4, 1920 and Feb. 4, 1921. Pp. 5. An examination of the ratio of births to deaths in Vienna, France, and England during and since the war. The author is convinced that the statistics show that war and epidemics make the merest ephemeral flicker in the steady onward march of population growth.

RISLER, G. *Pour la développement de la natalité française*. Mus. Soc., Sept., 1920. Pp. 39. Part I, Financial measures capable of contributing to the increase of French birth rate, is a report presented to the Conseil de l'alliance d'hygiène sociale in May, 1919. Part II, a survey of a program of propaganda for the increase of French natality, was presented to the Conseil supérieur de la natalité in June, 1920. Part I, besides proposing various fiscal reforms and subventions, reviews the laws passed since 1905 for encouraging large families. Both parts are in the best French nationalistic spirit—*pour la grandeur de la Patrie*—and read like a chapter from Colbert.

WESTERGAARD, H. *Public health before and after the war*. Intern. Journ. Pub. Health, Jan.-Feb., 1921. Pp. 5. If the present unsettled state of Europe can be changed into one of peace, even though the world has been pitifully impoverished by the war and the troubles which have followed, no serious increase in the mortality rate over pre-war years is to be looked for.

WYLER, J. *Die Demographie der Ausländer in der Schweiz*. Zeitsch. f. Schweiz. Stat. & Volkswirtsch., Heft 3, 1920. Pp. 33. Part III of this exhaustive study, economic demography, and conclusion of the whole series. Occupational distribution, migration.

Malthus up to date. Nation (London), June 12, 1920. Pp. 13.

Present-day immigration. With special reference to the Japanese. Ann. Am. Acad., Jan., 1921. Pp. 224. Some forty articles by as many authors. (1) Our relation to the Japanese and Chinese. (2) The Mexican immigrant. (3) Some factors affecting the assimilation of the immigrant. (4) Elements in the immigration policy of the United States. As usual in such collections, there is more sentiment and opinion than fact.

Report and debate at the special meeting of the Chamber of Commerce of January 20, 1921.—Immigration into the United States. Mo. Bull. N. Y. Chamber of Commerce, Supp., Jan., 1921. Pp. 24. Discussion on the Johnson and Sterling bills. Very little debate. Most of the speakers were in favor of total exclusion as an emergency measure and of rigid restriction as a permanent policy.

Switzerland: The efforts to arrest rural depopulation. Intern. Rev. Agri. Econ., Dec., 1920. Pp. 9. A survey of the reason why agricultural laborers leave the country districts, development of small holdings, decentralization of urban population, consolidation of holdings, and social insurance.

Insurance and Pensions

(Abstracts by Henry J. Harris)

ADAMS, J. *Fifty years of government life insurance in New Zealand*. Econ. World, Jan. 8, 1921. P. 1. The department now carries 55,570 policies; annual premium income £423,065; sum assured £14,123,729.

ANDREWS, J. B. *Representative opinion of health insurance in Great Britain*. Am. Labor Legis. Rev., Mar., 1921. Pp. 7. Representative opinion from the insured, employers, medical profession, pharmacists, and administrators, is to the effect that system has been of distinct benefit.

- BERNHARD, E. *Das Problem der Arbeitslosenversicherung und seine Lösung im In- und Ausland.* Zeitschr. f. d. ges. Versicherungswis., Jan., 1921. Pp. 10. Provisions of proposed law discussed.
- BROWN, H. *The effect of the war on British life assurance.* Econ. World, Jan. 22, 1921. Pp. 3. Speaking generally, the losses due to the war have been met almost entirely from current profits or special reserves; the ordinary reserves remain practically intact.
- CHAMBERLAIN, J. P. *A personal view of health insurance in England.* Am. Labor Legis. Rev., Mar., 1921. Pp. 4. The medical profession and the public generally in Britain are working for the improvement of the act, not its repeal.
- FINLAYSON, G. D. *Fifty years of fire insurance in Canada.* Econ. World, Feb. 26, 1921. Pp. 3. Only in the last five years have satisfactory returns been earned by companies.
- FRENCH, W. J. *The trend of workmen's compensation—glance at compensation history, past and present.* Mo. Labor Rev., Nov., 1920. Pp. 9. Review of events during past ten years.
- GRIESHABER, H. *Beitrag zur Berufsmorbidität.* Zeitschr. f. d. ges. Versicherungswis., Jan., 1921. Pp. 8. Develops a formula for expressing sickness rate by occupation using data of Leipzig local fund.
- HOFFMAN, F. L. *British experience with unemployment insurance and the conclusions to be drawn therefrom.* Econ. World, Feb., 1921. Pp. 2. Benefits paid are inadequate and system in general is not for the best interests of labor or of industry. Solution of problem would be best secured from voluntary effort.
- . *The facts with regard to so-called unemployment insurance.* Econ. World, Mar. 26, 1921. Pp. 3. Opposes the bill drawn by Professor Commons for Wisconsin, providing system of unemployment insurance.
- HOOKESTADT, C. *Comparison of compensation insurance systems as to cost, security, and service.* Mo. Labor Rev., Dec., 1920. Pp. 21. It costs the insured employers \$30,000,000 more to insure in stock and mutual companies than if there had been exclusive state funds only. Service is more prompt in state funds. No injured workman has suffered loss from a state fund, nor has a large mutual become insolvent. Several disastrous failures among stock companies.
- . *Cost of occupational diseases under workmen's compensation acts in the U. S.* Mo. Labor Rev., Feb., 1921. Pp. 6. Comparison of experience under federal act and state laws.
- . *Seventh annual meeting of the International Association of Industrial Accident Boards and Commissions.* Mo. Labor Rev., Nov., 1920. Pp. 9. Digest of discussions.
- HUEBNER, S. S. *Excessive and unscientific taxation as an obstacle to the development of American marine insurance.* Econ. World, Jan. 1, 1921. Pp. 3. Total taxes and fees paid by 71 companies in 1918 was 22.49 per cent of capital stock and 7.66 per cent of stock and surplus combined. Recommends amendments.
- . *The need of adequate reinsurance facilities for the development of American marine insurance.* Econ. World, Jan. 8, 1921. Pp. 3. At present legal restrictions prevent reinsurance; effect is to aid foreign companies. Remedies proposed.

- JACKSON, G. E. *Possibilities of unemployment insurance in Canada*. Econ. World, Apr. 2, 1921. Pp. 2. Information on which to base system not available. Suggests possibility of drawing up scale of benefits and meeting expense by assessments.
- JONES, F. R. *Status of workmen's compensation legislation in the United States at the end of 1920*. Econ. World, Dec. 25, 1920. Pp. 2. Topical headings, with provisions of laws of various states.
- KERSTING, D. *Vorschriften für die Auszahlung von Summen auf Lebensversicherungsverträge*. Zeitschr. f. d. ges. Versicherungswis., Jan., 1921. Pp. 14. Laws and decisions as to tax deductions when payments are made on policies in Germany and other countries.
- LOTT, E. S. *American insurance as a vital element in world reconstruction*. Econ. World, Jan. 1, 1921. Pp. 2. Foreign operations of American companies practically ceased at outbreak of war. Recommends campaign to develop such business.
- MACAULAY, T. B. *The rise and progress of life assurance in Canada*. Econ. World, Dec. 25, 1920. Pp. 4. Account of early companies and statement of business now carried by Canadian and foreign companies.
- MANES, A. *Social insurance in the new Germany*. Survey, Jan. 1, 1921. Pp. 4. Little change in insurance of salaried employees, or in accident and invalidity systems. In health insurance, income limit raised to 5,000 marks, maternity benefits greatly extended.
- MEAD, F. B. *The cost of lapsation in life insurance*. Econ. World, Jan. 15, 1921.
- PHILLIPS, J. S. *Developments in workmen's compensation insurance in the State of New York*. Econ. World, Mar. 12, 1921. Pp. 2. Extract from annual report of state insurance commissioner.
- REID, E. E. *Life insurance without medical examination*. Econ. World, Mar. 5, 1921. Pp. 3. Success of group insurance suggests use of blank to be filled out by applicant and by agent only. System used successfully in England. Restrictions necessary.
- ROHRBECK, W. *Betriebsrätegesetz und Versicherungsgewerbe*. Zeitschr. f. d. ges. Versicherungswis., Jan., 1921. Pp. 15. Finds the law on establishment councils vague.
- STEWART, E. *A plea for more adequate accident compensation rates*. Mo. Labor Rev., Dec., 1920. Pp. 10. The restrictions in the laws on the benefits paid, reduce the payments to the injured man; in Pennsylvania he bears four-fifths and in New York over one-half the loss.
- STIER-SOMLO, F. *Die Reichsteuergesetze und das Versicherungswesen*. I Teil. Zeitschr. f. d. ges. Versicherungswis., Jan. 1, 1921. Pp. 20. Detailed analysis of the federal tax laws of Dec. 13, 1919, and Dec. 31, 1919, in their relation to insurance.
- TEAD, O. *Fact and opinion as to the British National Health Insurance act*. Am. Labor Legis. Rev., Mar., 1921. Pp. 7. Opposition to act comes not from employers, tax-payers, workmen-contributors, nor doctors, but from advocates of state medical service idea. Act is accepted by great majority of groups affected as good, as a workable instrument and as a valuable starting point towards better times in public health.

WORLEY, A. *The governmental inquiry into the operation of the British workman's compensation act.* Econ. World, Mar. 26, 1921. Pp. 34. Summarizes report, which recommends compulsory insurance, use of stock companies and mutuals as carriers subject to state supervision.

ZEDERMAN, F. *Transportversicherung und Haftungsbeschränkung der Eisenbahn für Kostarketten.* Zeitschr. f. d. ges. Versicherungswiss., Jan., 1921. Pp. 4. Insurance of "valuables" on railways; laws and decisions as to railway liability.

Actuarial aspects of industrial assurance with special reference to the report of the departmental committee on the business of industrial assurance companies and collecting societies. Journ. Inst. Actuaries, Oct., 1920. Pp. 90. Round table discussion with criticisms, by actuaries.

Projected compulsory automobile insurance in the state of New York. Econ. World, Jan., 29, 1921. P. 1. Proposes to give persons injured by commercial vehicles same benefits as under compensation law.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

ANDERSON, J. E. *A mental survey of the Connecticut Industrial School for Girls.* Journ. Delinquency, Jan., 1921. Pp. 10. An examination of more than 500 delinquent girls reveals the fact that about one fifth were rated as mentally defective, one fourth as dull, one fifth as normal, and one twelfth as superior. The tests were found to be very valuable in promoting the grade location of girls in the institution school.

ANDREWS, I. O. *State legislation for maternity protection.* Am. Labor Legis. Rev., Mar., 1921. Suggests standard provisions for state laws dealing with maternity aid. A few facts relating to the cost of this system in European countries are given.

BEARD, M. *Progress toward maternity benefits in Massachusetts.* Am. Labor Legis. Rev., Mar., 1921. In Massachusetts considerable attention has been given to the problem of maternity aid. Several state commissions have dealt with the problem and a maternity protection bill has been before the Massachusetts legislature. The needed legislation, however, has not yet been enacted.

BOLT, R. A. *A national program for maternity aid.* Am. Labor Legis. Rev., Mar., 1921. This article presents the reasons for a program for maternity aid. The writer favors the bill that was introduced into the previous Congress.

FRUGÈRE, E. *L'assistance aux familles nombreuses et aux femmes en couches dans le département de la Seine et les primes départementales de natalité.* L'Econ. Franç., Jan. 29, 1921. Discusses the recent development in the Paris plan for pensioning poor families. There has been a tremendous increase in the expenditures for this purpose.

MERRILL, W. *The public schools and the treatment of delinquent children.* Journ. Delinquency, Nov., 1920. Pp. 7. Emphasizes the importance of the public schools as a factor in the treatment of incipient delinquency among children. The author would not interfere with the rights of the police or of the juvenile courts but would make the schools an effective preventive agency.

SAUNDERSON, R. *The relief of the unemployed.* Charity Organ. Rev., Feb., 1921.

Outlines the various methods, both public and private, now available in England for the relief of distress due to unemployment. Suggests additional plans.

- SOBEL, J. *Need for protecting maternity and infancy*. Am. Labor Legis. Rev., Mar., 1921. Presents figures showing the need of maternity protection. Many of the facts are based on conditions in New York City. The author believes that the bill formerly before Congress should provide for the distribution of money among the states, not on the basis of total population but on some other basis such as births registered, number of women of child-bearing age, or number of marriages.

Socialism

- ASHTON, T. S. *The guild socialists*. Econ. Journ., Sept., 1920.
- ELY, R. T. *What is bolshevism?* Rev. Rev., Nov., 1920.
- GUYOT, Y. *L'endosmose bolchevique*. Journ. des Econ., Oct., 1920.
- KAUTZSCH. *Sozialdemokratie wider Sozialismus*. Natur u. Gesellschaft, Jan., 1921.
- MACCULLAGH, F. *The design of the bolsheviks*. Nineteenth Cent., Aug., 1920.
- REYNARD, H. *The guild socialists*. Econ. Journ., Sept., 1920. Pp. 90.

Statistics

(Abstracts by Horace Secrist)

- ANDERSON, B. M., JR. *Nation on a sound basis despite troubles of last year*. Annalist, Jan. 3, 1921. Pp. 2. An interesting study, largely in continuation of former ones made by the author. The ratio of foreign to domestic trade is supplied for the years 1890-1919 inclusive.
- ANDRÉADÈS, A. *De la population de Constantinople sous les empereurs byzantins*. Metron, Dec., 1920. Pp. 50. An estimation of the population of Constantinople at various periods of its history. "From the seventh to the twelfth century, the population has rarely fallen below 50,000 while it has at times been very close to 1,000,000."
- BALDUCCI, G. *Sulla mortalità degli insegnanti elementari pensionati*. Metron, Dec., 1920. Pp. 11.
- BARNETT, G. E. *Index numbers of the total cost of living*. Quart. Journ. Econ., Feb., 1921. Pp. 23. A clear-cut and significant discussion which will do much to demonstrate the shadowy meaning of the expression, "cost of living," and makes clear the difficulties and problems of measuring it by the index number method.
- BOLDRINI, M. *Nuovi contributi alle ricerche sull'azione dell'ordine di nascita*. Metron, Dec., 1920. Pp. 5.
- BONNER, H. R. *A graphic method for presenting comparative cost analyses*. Quart. Pubs. Am. Stat. Assoc., Sept., 1920. Pp. 12. Presents a graphic method for analyzing and interpreting the expenditures incurred by nine state normal schools. Method, however, has other applications.
- CANTELLI, F. P. *Sulle applicazioni del calcolo della probabilità all'etica molecolare (rassegna)*. Metron, July, 1920. Pp. 32.
- CHERRINGTON, P. T. *Errors of judgment by a professional statistician*. W. Jett Lauck. Bull. Nat. Assoc. Wool Mfrs., July, 1920. Pp. 10.

- COPELAND, M. T. *The importance of securing reliable statistics of business activity.* Fed. Reserve Bull., Mar., 1921. Pp. 3. Stresses the necessity of securing more adequate statistics of production, prices, mercantile trade, and credit conditions.
- CZUKER, E. *Ueber Funktionen von variablen zwischen welchen Korrelationen bestehen.* Metron, July, 1920. Pp. 8.
- DAVENPORT, C. *The mean stature of American males.* Quart. Pubs. Am. Stat. Assoc., Dec., 1920. Pp. 3. A comparison of the stature of American soldiers in the Civil War and the World War.
- DAY, E. E. *The measurement of variations in the national real income.* Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 7. An abbreviated statement of the methods and results used by the author in developing an index of production for the Harvard Committee on Economic Research.
- DOUGLAS, A. W. *The study and purpose of statistics.* Administration, Feb., 1921. Pp. 2. A brief and easily understood account of the purposes of statistics in their relation to general business conditions and needs, but too narrow and restricted in viewpoint.
- DUBLIN, L. I. and WHITNEY, J. *On the cost of tuberculosis.* Quart. Pubs. Am. Stat. Assoc., Dec., 1920. Pp. 9. A discussion of loss in terms both of years and money. Results of a study made by the Metropolitan Life Insurance Company and the National Tuberculosis Association.
- EDGEWORTH, F. Y. *Entomological statistics.* Metron, July, 1920. Pp. 7.
- FAY, C. R. *Corn prices and the corn laws, 1815-1846.* Econ. Journ., Mar., 1921. Pp. 10.
- FISHER, I. *The best form of index number.* Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 18. An abstract only of Professor Fisher's comprehensive paper read at the annual meeting of the American Statistical Association in December, 1920. The purpose is to determine, so far as mathematical formulas are concerned, the best form of an index number. He reduces to two the tests which index numbers must stand, viz: "the formula should work both ways as to the two factors, prices and quantities. The formula should work both ways as to time." Discussion by W. C. Mitchell, C. M. Walsh, W. M. Persons.
- FISKE, H. *Life insurance investments—what, where, and why. Address delivered at the 14th Annual Meeting of the Association of Life Insurance Presidents, Dec. 9, 1920.* Pp. 13. A discussion of the principles of the investments of life insurance companies; together with an appendix giving the investment statistics of thirty-nine life insurance companies as of December 31, 1919.
- FLEISSIG, P. *Preisstatistik der Arzneimittel vom Jahre 1914 bis 1920.* Zeitschr. f. Schweiz. Stat. u. Volkswirtsch., Heft 3, 1920.
- FLORENCE, P. S. *The measurement of labor productivity.* Quart. Pubs. Am. Stat. Assoc., Sept., 1920. Pp. 16. The necessity for, and the difficulty of, developing a unit of labor productivity, and the relation which records in industrial establishments bear to this problem, both from the individual and the social point of view.
- GARDNER, E. H. *Salient factors in sales control.* Administration, Jan., 1921. Pp. 4. Control by means of statistics urged.
- GINI, C. *La coscrizione militare dal punto di vista eugenico.* Metron, July, 1920. Pp. 29.

- HANSEN, A. H. *Industrial class alignments in the United States*. Quart. Pubs. Am. Stat. Assoc., Dec., 1920. Pp. 7. An attempt to determine statistically, on the basis of census occupational data, the relative strength of "capital," "labor," and "the public."
- HUIJST, M. M. *Mortality rates of college women*. Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 6.
- KARSTEN, K. G. *An index of incomes*. Quart. Pubs. Am. Stat. Assoc., Sept., 1920. Pp. 24. "The purpose of this article is to suggest a set of two figures or coefficients for the measurement and analysis of income and wealth statistics, which shall, without loss of statistical accuracy, be suitable for popular presentation. One of these coefficients gives a quantitative measurement and may be called an index of the size of incomes; the other is qualitative and may be called an index of the distribution of wealth."
- KNIRRS, G. H. *The theory of large populations-aggregates*. Metron, July, 1920. Pp. 13.
- LIVI, L. *Memoria e profitto nei ragazzi. Esperimento di statistica psicometrica sugli alunni delle scuole comunali di Modena*. Metron, Dec., 1920. Pp. 19.
- MACDONALD. *Scots and Scottish influence in Congress*. Metron, Dec., 1920. Pp. 15.
- MCMANUS, R. J. *An analysis of health claims by disease*. Pro. Casualty Actuarial & Stat. Soc. of Am., May 28, 1920. Pp. 20. Tabulations are confined to claims presented by best risks, and refer to the total of policy years 1914-1916, inclusive, representing illness contracted during the calendar years 1914-1917, inclusive. Data are taken from paid claims of the Travelers Insurance Company.
- MACDONALD, A. *Study of man after death*. Western Medical Times, Dec., 1920.
- MARCH, L. *International statistics and the League of Nations*. Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 10.
- . *La méthode statistique*. Metron, July, 1920. Pp. 30.
- MAROI, L. *La guerra e la popolazione (Rassegna di demografia)*. Metron, Dec., 1920. Pp. 10.
- MEDOLAGHI, P. *La previsione statistica ed il calcolo delle probabilità*. Metron, Dec., 1920. Pp. 13.
- MERIAM, L. *The classification of United States statistical employees*. Quart. Pubs. Am. Stat. Assoc., Sept., 1920. Pp. 18. A discussion of the principles controlling the classification of United States statistical employees, the difficulties encountered in such a study, and the salaries recommended for the various classes of statistical employees.
- MOORE, H. L. *Generating cycles of products and prices*. Quart. Journ. Econ., Feb., 1921. Pp. 24. A continuation of Professor Moore's valuable and fundamental analyses by means of the statistical method of the relation between crops and prices.
- POLLOCK, H. M. *Standardization of statistics in state institutions*. Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 3.
- RORTY, M. C. *A national money accounting as the basis for studies of income distribution*. Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 8. A study of the more important details of method that should be observed in studies of income and

income distribution, centering attention upon the semi-exact national money accounting which is becoming more and more practicable because of the increasing accuracy in income tax statistics and the publicity of financial and corporate activities.

SAVORONAH, F. *La natimortalità negli anni di guerra*. Metron, Dec., 1930. Pp. 19.

SCHWAB-LEYEN, A. *Die Notwendigkeit einer Reform der gewerblichen Zählungen*. Zeitschr. f. schweiz. Stat. u. Volkswirtsch., 56 Jahrg., Heft 2. Pp. 32. Discussion of present trade statistics, their outstanding faults, and a proposed reform.

SHAW, J. P., JR. *Statistics of college graduates*. Quart. Pubs. Am. Stat. Assoc., Sept., 1920. Pp. 6. Gives results of study of American statistics of collegiate and professional education with the purpose of estimating and comparing the number of male graduates in the country holding various degrees at certain times.

SIMPSON, K. *A statistical analysis of the relation between cost and price*. Quart. Journ. Econ., Feb., 1921. Pp. 23. Devoted largely to an analysis of the relation between cost and prices for book paper, newsprint paper, canned salmon, sugar beets, copper.

SNODGRASS, K. *International price indexes*. Quart. Pubs. Am. Stat. Assoc., Sept., 1920. Pp. 7. A description of the international price indexes now being prepared by the Division of Analysis and Research of the Federal Reserve Board.

STEINER, W. H. *Methods of developing an index of collection conditions*. Quart. Pubs. Am. Stat. Assoc., Dec., 1920. Among the methods discussed are "the absolute collection percentage" ratio of number of days in which accounts were actually paid to number of days time on which goods were originally sold, etc.

STEWART, W. M. *The conduct of the fourteenth census*. Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 14. A clear and forceful statement, by one who knows, of the problems of census taking.

STEWART, W. W. *Prices during the war*. Quart. Pubs. Am. Stat. Assoc., Sept., 1920. Pp. 9. A review of the statistical measure of prices during the war. Account of the most significant step yet taken in perfecting an instrument for testing price theory by the facts.

STOUMAN, K. *From the Baltic to the Adriatic*. Intern. Journ. Pub. Health, Jan.-Feb., 1921. Pp. 12. A survey of the demographic effects of the world war upon the countries "from the Baltic to the Adriatic." Contains tables showing mortality rates from tuberculosis, typhus, etc.

STRINGHER, B. *In memoria di Luigi Bodio*. Rif. Soc., Jan.-Feb., 1921. Pp. 10.

SYDENSTRICKER, E. and KING, W. I. *A method of classifying families according to incomes in studies of disease prevalence*. Public Health Repts., Nov. 26, 1920. Pp. 20. An ingenious method of classifying families according to incomes in studies of disease prevalence, together with criticisms of other methods in use.

SYDENSTRICKER, E. and BRUNDAGE, D. K. *Industrial establishment disability records as a source of morbidity statistics*. Quart. Pubs. Am. Stat. Assoc., Mar., 1921. Pp. 14.

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- ZINGALI, G. *Della misura statistica dell' abilità dei giocatori nelle corse al galoppo*. Metron, July, 1920. Pp. 10.
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EIGHTEENTH LIST OF DOCTORAL DISSERTATIONS IN POLITICAL ECONOMY IN PROGRESS IN AMERICAN UNI- VERSITIES AND COLLEGES

Students whose period of continuous non-residence exceeds three years are omitted from the list. The last date given is the probable date of completion.

The first list of this kind was dated January 1, 1904, and was sent to all members, but not regularly bound in the publications. The subsequent lists have appeared in the publications as follows:

- Second list, 1905, in third series, vol. iv, p. 737.
- Third list, 1906, in third series, vol. vii, no. 3, supplement, p. 43.
- Fourth list, 1907, in third series, vol. viii, no. 2, supplement, p. 42.
- Fifth list, 1908, in the *Bulletin* for April, 1908, p. 69.
- Sixth list, 1909, in the *Bulletin* for April, 1909, p. 16.
- Seventh list, 1910, in the *Bulletin* for March, 1910, p. 12.
- Eighth list, 1911, in the *Review* for March, 1911, p. 212.
- Ninth list, 1912, in the *Review* for June, 1912, p. 519.
- Tenth list, 1913, in the *Review* for June, 1913, p. 527.
- Eleventh list, 1914, in the *Review* for June, 1914, p. 524.
- Twelfth list, 1915, in the *Review* for June, 1915, p. 476.
- Thirteenth list, 1916, in the *Review* for June, 1916, p. 499.
- Fourteenth list, 1917, in the *Review* for June, 1917, p. 485.
- Fifteenth list, 1918, in the *Review* for June, 1918, p. 459.
- Sixteenth list, 1919, in the *Review* for June, 1919, p. 433.
- Seventeenth list, 1920, in the *Review* for September, 1920, p. 692.

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- JAMES PICKWELL ADAMS, A.B., Michigan, 1919. The nature of income. 1922. *Michigan*.
- DANIEL MERINO BENITEZ, Seminary of Santiago de Chile. Natural justice in reference to the private appropriation and exchange of wealth. 1921. *Catholic University*.
- ALICE S. CHEYNEY, A.B., Vassar, 1909. A theory of social work. 1921. *Pennsylvania*.
- MAURICE ALBERT COPELAND, A.B., Amherst, 1917. Some phases of institutional value theory. 1921. *Chicago*.
- CARL ADDINGTON DAWSON, A.B., Acadia, 1912. The social nature of thinking. 1922. *Chicago*.
- HERBERT FEIS, A.B., Harvard, 1916. An investigation of wage principles underlying a policy of industrial peace. 1921. *Harvard*.
- CHI HSIU HU, B.S., Pennsylvania, 1917; A.M., 1918. The economic thought of James Steuart. 1921. *Columbia*.
- RALPH W. NELSON, A.B., Phillips, 1915; A.M., Kansas, 1916; B.D., Yale, 1918. Elements of the social theory of Jesus. 1921. *Chicago*.
- FRANCES LESTER PATTON, A.B., Ohio State, 1913; A.B., Oxford, 1916; A.M., 1919. Diminishing returns. 1921. *Columbia*.
- MARJORIE TAPPAN, A.B., Cornell. Time and the economic process. 1921. *Columbia*.
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- REXFORD G. TUGWELL, B.S. University of Pennsylvania, 1915; A.M., 1916. A def-

nition of public utility: an interpretation of the doctrine of public interest in economics and law. 1921. *Pennsylvania*.

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- MARTIN HAYES BICKHAM, A.B., *Pennsylvania*, 1908; A.M., *Chicago*, 1917. The social evolution of democracy. 1921. *Chicago*.
- R. G. BOOTH, A.B., *Illinois Wesleyan*, 1914; A.M., *Columbia*, 1915. Some social aspects of the development of the natural sciences in England in the eighteenth century. 1921. *Columbia*.
- KATHLEEN EVELETH BRUCE, A.B., *Radcliffe*, 1918; A.M., 1919. The iron industry in Virginia to 1914, an historical study. 1922. *Radcliffe*.
- ELEANOR C. BUCKLEY, A.B., *Texas*, 1908; A.M., *Pennsylvania*, 1909. The economic forces underlying Latin-American independence. 1922. *Pennsylvania*.
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- ANNA C. CLAUDE, A.B., *Bryn Mawr*, 1905. The Napoleonic Wars as reflected in the commerce to Philadelphia and New York from 1806 to 1812. 1922. *Pennsylvania*.
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- ALVA H. BENTON, B.S., Ohio State, 1912; M.S., Pennsylvania, 1913. Farmers' personal credit. 1921. *Wisconsin*.
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- WILLIAM GEORGE SUTCLIFFE, A.B., University of British Columbia, 1919. The United States glass and pottery industry. *Harvard*.

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- ELIZABETH C. BROOK, A.B., Kansas, 1912; A.M., 1913. The struggle for the Interstate Commerce Commission, 1876-1887. 1921. *Chicago*.
- HARCOURT LENHART CAVERLY, A.B., Michigan, 1919. Federal railroad control; January 1, 1918, to March 1, 1920. 1922. *Michigan*.
- HUGH CAMPBELL FRAME, A.B., Dalhousie, 1917. The division of joint freight rates. *Harvard*.
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ARTHUR BRUCE ANTHONY, A.B., Stanford, 1919. Economic relations between debtor and creditor countries. 1923. *Stanford*.

RALPH EASTMAN BADGER, A.B., Dartmouth, 1913; M.C.S., Dartmouth, 1914. The marketing of hardware in the United States. 1921. *Yale*.

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JOSEPH CHARLES BARTLEY, A.M., Villanova, 1918. Price fixing in the United States during the world war. 1921. *Catholic University*.

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- FRANK PARKER, B.S., Pennsylvania, 1911; LL.B., 1915. Theories of depreciation applied to public utilities. *Pennsylvania*.
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- ARTHUR EMILE ALBRECHT, A.B., College of the City of New York; A.M., George Washington, 1917. The history and organization of the International Seamen's Union of America. 1922. *Columbia*.
- LOUIS BLOCH, A.B., Wisconsin, 1916; A.M., 1917. The collective contract in the central competitive field of the bituminous coal industry. 1922. *Columbia*.
- LUCY GWYNNE BRANHAM, A.B., Washington, 1911; A.M., Johns Hopkins, 1914. The history of labor and politics in New York. 1922. *Columbia*.
- ELIZABETH RHODES BUTLER, A.B., Vassar, 1918; A.M., Columbia, 1919. Labor struggle between journeymen and master under the guild system in England. 1922. *Columbia*.
- O. F. CARPENTER, A.B., Ohio Northern, 1913; A.M., Wisconsin, 1917. Government in industry. 1921. *Wisconsin*.

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- CARROLL E. FRENCH, A.B., Monmouth, 1916. The shop committee. 1922. *Johns Hopkins*.
- ALFRED P. HAAKE, A.B., Wisconsin, 1914; A.M., 1916. Wage measurement and the management of labor. 1921. *Wisconsin*.
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- CARL SMITH JORLYN, A.B., Harvard, 1920. The prevention of unemployment. *Harvard*.
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- A. W. NEWCOMBE, A.B., Bowdoin, 1914; D.B., Newton, 1917. The Catholic Church and the labor problem. 1921. *Chicago*.
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- CHARLES E. ARTMAN, A.M., Columbia, 1918. Gold movements in relation to foreign credit during the Great War. 1922. *Columbia*.
- THOMAS ANDREW BEAL, A.B., Utah, 1906; A.M., Columbia, 1910. The importance of trade and bankers' acceptances in business. 1922. *Columbia*.

- J. RAY CABLE, A.B., B.S., Missouri, 1913; A.M., Chicago, 1917. The Bank of Missouri. 1922. *Columbia*.
- JOHN MARTIN CHAPMAN, A.B., Indiana, 1917; A.M., Columbia, 1920. Exercise of the fiscal functions of federal reserve banks. 1922. *Columbia*.
- G. H. EVANS, JR., A.B., Johns Hopkins, 1920. The note issue of the Federal Reserve Banks. 1923. *Johns Hopkins*.
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- RUTH JAEGER, A.B., Radcliffe, 1920; A.M., 1921. The inflation and resumption of specie payments, 1865-79. 1922. *Columbia*.
- H. L. MCCracken, B.S., Penn College, 1914; B.S., Haverford, 1915; M.A., Penn, 1916. The rôle of a fluctuating standard of value in the distribution of wealth and class struggle. 1922. *Wisconsin*.
- MORRIS A. MECHANIC, A.B., Johns Hopkins, 1918. Building and loan associations in the United States. 1921. *Johns Hopkins*.
- HARRY E. MILLER, A.B., Boston University, 1919; A.M., Harvard, 1920. History of banking theory in the United States before the Civil War. *Harvard*.
- GEORGE ODATEY, B.S., New York University, 1917; A.M., Columbia, 1918. Methods of improving banking and financial relations between the United States and Japan. 1921. *Columbia*.
- HERBERT SAPHIR, A.B., Cornell, 1919; A.M., 1920. Commercial credit and the rate of interest. *Harvard*.
- HENRY SCHENCK, A.B., Harvard, 1903; A.M., Columbia, 1919. Dollar exchange. 1921. *Columbia*.
- WALTER E. SPAHR, A.B., Wisconsin, 1914; A.M., 1917. Local clearings and collection of checks. 1922. *Columbia*.

Public Finance, Taxation, and Tariff

- A. J. ALTMAYER, B.A., Wisconsin, 1914; M.A., 1920. Recent developments in the application of special assessments. 1922. *Wisconsin*.
- ANDRIES JOHANNES BRUYÈRE, A.B., Cape of Good Hope, 1915. Protection in South Africa. 1922. *Harvard*.
- ARTHUR EUGENE BUCK, Ph.B., Milligan, 1910; B.S., Tennessee, 1913; A.M., Columbia, 1917. New York budget law. 1921. *Columbia*.
- EDWARD TAYLOR BULLOCK, A.B., Michigan, 1910; A.M., 1912. The financial aspects of highway construction. *Harvard*.
- DUDLEY DEWITT CARROLL, A.B., Guilford, 1907; A.M., Haverford, 1908. The history of taxation in North Carolina. 1922. *Columbia*.
- ALZADA COMSTOCK, A.B., Mt. Holyoke, 1910; A.M., Columbia, 1913. State income taxes. 1921. *Columbia*.
- FELIX FLÜGEL, A.B., Leland Stanford, 1914; M.A., California, 1917. Types of income taxes. 1921. *California*.

- ALEXANDER GOURVITCH, University of Paris, 1913. French public debt. 1921. *Columbia*.
- JOSÉ M. HILARIO, A.B., University of the Philippines, 1914; A.M., Columbia, 1920. Excise taxes during the Civil War and the Great War. 1922. *Columbia*.
- DUNCAN CLARK HYDE, A.B., McGill, 1917; A.M., Harvard, 1918. The war finance of the Dominion of Canada. 1921. *Harvard*.
- MICHEL HENDRICK DE KOCK, A.B., Cape of Good Hope, 1915; A.B. with honors, 1916. The finances of South Africa, 1910-1920. 1922. *Harvard*.
- J. G. MCKAY, A.B., Wisconsin, 1913. Income and inheritance taxation in the state of Wisconsin. 1921. *Wisconsin*.
- A. R. MEAD, A.B., Miami; A.M., Columbia, 1910. The development of the free school and the abolition of rate bills in the states of Connecticut and Michigan. 1921. *Columbia*.
- HARVEY WHITEFIELD PECK, A.M., Yale, 1907; Ph.D., 1913. Contemporary fiscal theories. 1922. *Columbia*.
- MARK ANSON SMITH, A.B., Dartmouth, 1910; A.M., Wisconsin, 1913. A study of the financial aspects of the wool tariff schedule. *Harvard*.

Population and Migration

- CLYDE JULIAN CROBAUGH, A.B., Stanford, 1920. The oriental problem on the Pacific coast. 1924. *Stanford*.
- STANLEY POWELL DAVIES, A.B., Bucknell, 1912. Racial assimilation in a community in the anthracite coal region. 1922. *Columbia*.
- JEROME DAVIS, A.M., Columbia, 1919. Russians in the United States. 1921. *Columbia*.
- HOWARD CHARLES GREEN, A.B., College of the City of New York, 1902. The racial movement of the American Revolution. 1922. *Columbia*.
- MARCUS LEE HANSEN, A.B., Iowa, 1916; A.M., 1917. The problem and distribution of immigration, 1820-1860. 1922. *Harvard*.
- GEORGE E. HARTMANN, A.B., Cincinnati, 1917. Race consciousness: a function of race prejudice, with particular reference to the American negro. 1921. *Chicago*.
- CLEMENS NIEMI, A.B., Minnesota, 1915; A.M., Chicago, 1919. The Finnish element in the American population. 1921. *Chicago*.
- B. M. STEWART, A.M., Queen's University, 1911. Immigration settlement in Canada before Confederation. 1921. *Columbia*.
- DONNA FAY THOMPSON, A.B., Indiana, 1913; A.M., 1914. The birth rate in college graduates' families. 1921. *Columbia*.

Social Problems and Reforms

- L. E. BLANCH, A.B., Goshen, 1915; A.M., Chicago, 1917. The history of federal legislation for industrial education. 1921. *Chicago*.
- BEULAH BELLE BRILEY, B.S., Iowa State College, 1917; M.S., 1918; M.A., State University of Iowa, 1920. The economic efficiency of the single family as a household unit. 1922. *State University of Iowa*.
- EMERSON O. BRADSHAW, Ph.B., Chicago, 1910; A.M., 1911. Social forces affecting the life of the industrial community. 1922. *Chicago*.
- FRIEDA OPAL DANIEL, A.B., Drake, 1916. A social survey of an industrial area. 1922. *Chicago*.
- HARMON O. DEGRAFF, Bachelor of Didactics, Iowa State Teachers College, 1908;

- B.A., State University of Iowa, 1916; M.A., 1918. Juvenile delinquency in Iowa. 1921. *State University of Iowa*.
- JOHN R. HART, JR., A.B., Pennsylvania, 1911; A.M., 1914. Economic waste in the distribution of protestant churches. 1922. *Pennsylvania*.
- HORACE B. HAWTHORN, B.S., Iowa State College, 1915; M.S., 1915. The comparative psychic efficiency of rural social groups. 1921. *Wisconsin*.
- CARY WALKER HAYES, A.B., Washburn, 1909; A.M., Columbia, 1912. Public morals and recreation; a municipal program. 1921. *Columbia*.
- MARGARET T. HOODEN, B.L., California, 1913. Workers' education: an historical study of the working class movement with reference to the development by adult education of working class leadership. 1922. *California*.
- JAKUB HORAK, Ph.B., Chicago, 1916. A study of Czecho-Slovak community organization in Chicago. 1921. *Chicago*.
- HELEN RANKIN JETER, A.B., California, 1917. The Chicago Juvenile Court. 1922. *Chicago*.
- CHARLES DEE JOHNSON, A.B., Mississippi College, 1910; A.M., 1916; relation of the negro problem to education in the South. 1921. *Iowa*.
- GLENN R. JOHNSON, A.B., Reed, 1915. The American newspaper as an indicator of social forces. 1921. *Columbia*.
- OSCAR W. JUNEK, A.M., Prague. Contribution to the technique of the study of group psychology. 1922. *Chicago*.
- SAMUEL CLARENCE KINCHELOE, A.B., Drake, 1916; A.M., Chicago, 1919. The psychology of leadership. 1922. *Chicago*.
- OSWALD ROTHSAY LAVERS, A.B., Queens, 1913; A.M., Chicago, 1920. The social significance of housing. 1922. *Chicago*.
- ROBERT ROCKWOOD MCCORMICH, A.B., College of Idaho, 1915. The financial support of American colleges. 1922. *Columbia*.
- RODERICK D. MCKENZIE, A.B., Manitoba, 1912; A.M., Chicago, 1916. The social study of the neighborhood. 1921. *Chicago*.
- A. J. MERTZKE, A.B., Wisconsin, 1916. The development of the idea of public purpose. 1922. *Wisconsin*.
- SADIE T. MOSSELL, B.S., Pennsylvania, 1918; A.M., 1919. The budgets of one hundred negro families in Philadelphia. 1921. *Pennsylvania*.
- HAZEL GRANT ORMSBEE, A.B., Cornell, 1915. The juvenile labor exchange in the United States and England, with a statistical analysis of records in the Philadelphia Bureau of Compulsory Education. 1922. *Bryn Mawr*.
- CLARENCE E. RAINWATER, A.B., Drake, 1907; A.M., 1908. The neighborhood center. 1921. *Chicago*.
- JOHAN T. SELLIN, A.B., Augustana, 1915; A.M., Pennsylvania, 1916. Swedish sociology. 1922. *Pennsylvania*.
- HERBERT NEWHARD SHEXTON, A.B., Dickinson, 1906; A.M., 1909; B.D., Drew, 1910. Collective decision. 1921. *Columbia*.
- ERNEST HUGH SHIDELER, A.B., Ottawa, 1915; A.M., Chicago, 1917. Social heredity. 1922. *Chicago*.
- RUSSELL GORDON SMITH, A.B., Richmond, 1911; A.M., Columbia, 1914. A sociological study of opinion in the United States. 1922. *Columbia*.
- W. R. TYLOR, A.B., Swarthmore, 1911; A.M., Wisconsin, 1916. Organized disguised propaganda. 1921. *Wisconsin*.
- MARY VAN KLEECK, A.B., Smith, 1904. The fact basis for industrial reform. 1921. *Columbia*.
- AMEY EATON WATSON (Mrs. Frank D.), A.B., Women's College in Brown University,

- 1907; A.M., Pennsylvania, 1910. Social treatment of illegitimate mothers. 1921. *Bryn Mawr*.
- HELEN RUSSELL WRIGHT, A.B., Smith, 1912. Gainful employment of mothers in relation to child welfare. 1922. *Chicago*.
- DONALD R. YOUNG, A.B., Lafayette, 1919; A.M., Pennsylvania, 1920. The social importance of motion pictures. 1922. *Pennsylvania*.
- ERLE FISKE YOUNG, Ph.B., Chicago, 1917; A.M., 1920. The use of case method in training social workers. 1922. *Chicago*.

Insurance and Pensions

- BARBARA N. GRIMES, A.B., California, 1913; J.D., 1915. Sickness as a cause of poverty in California and a consideration of social health insurance as a remedy. 1921. *California*.
- DWIGHT D. JOHNSON, A.B., Coc, 1918. Standards of comparison in life insurance. 1921. *Pennsylvania*.
- HARRY J. LOMAX, B.S., Pennsylvania, 1919. Credit insurance. 1922. *Pennsylvania*.
- EDWARD L. MCKENNA, A.B., Columbia, 1923; A.M., Illinois, 1914. Title insurance in the United States. 1922. *Pennsylvania*.

Pauperism, Charities, and Relief Measures

- CYPRIAN WILLIAM EMANUEL. An interpretation of the work of St. Vincent de Paul in the light of modern principles of relief. 1922. *Catholic University*.
- RALPH P. HOLBEN, A.B., Franklin and Marshall, 1913. Poverty in its relation to education. 1921. *Pennsylvania*.
- PORTER R. LEE, A.B., Cornell, 1903. Public outdoor relief in the United States. 1921. *Columbia*.
- S. C. RATCLIFFE, A.B., Mt. Allison, 1909; A.M., Alberts, 1918. The historical development of poor relief legislation in Illinois. 1921. *Chicago*.
- RENÉ VAILLANT, A.B., Lille, 1908; LL.B., 1910; LL.R., 1911. Relief of unemployment in France during and since the great war. *Columbia*.

Socialism and Co-operative Enterprises

- SAMUEL BERNSTEIN, A.B., College of the City of New York, 1919; A.M., Columbia, 1920. The origins of the guild socialist movement in England. 1921. *Columbia*.
- JOSEPH BERNARD KENKEL, A.B., St. Joseph's College, Collegeville, Indiana, 1913. Coöperative marketing of grain at country points in the North Central States. 1921. *Catholic University*.
- PASCHAL LARKIN, A.M., National University of Ireland, 1916. Marxian socialism in some recent developments. 1922. *Catholic University*.
- ELLERY F. REED, B.A., Lenox College, 1914; M.A., Clark University. The treatment of social radicalism. 1921. *Wisconsin*.

Statistics and Its Methods

- JOHN RANDOLPH RIGGLEMAN, A.B., Cornell College, 1918; M.B.A., Harvard, 1920. Graphic methods in the analysis and presentation of business statistics. *Harvard*.
- FRANK ALEXANDER ROSS, Ph.B., Yale, 1906; A.M., Columbia, 1913. A study of the application of statistical methods to sociological problems. 1921. *Columbia*.

NOTES

The Executive Committee has voted to hold the next annual meeting of the American Economic Association in Pittsburgh, Pa. The date, though not definitely decided, will probably be December 27-29.

Sale of Surplus Stock of Publications of the American Economic Association. The Secretary has been authorized to dispose of the surplus stock of publications of the AMERICAN ECONOMIC ASSOCIATION at reduced prices. The reasons for this action are the desire to make these publications useful; to reduce the heavy storage, insurance, and interest charges; to convert these assets to cash; and to make it possible for the younger economists to complete their sets of the Association's publications. Accordingly the members of the Association and the libraries are given the first opportunity to buy these publications; the offers are open to them exclusively until November 1, 1921, and thereafter the general public will be permitted to buy at the reduced prices. After March 1, 1922, all unsold surplus publications, except those reserved as stated below and possibly certain single numbers for which fairly steady demand is visible, will be pulped.

Reserved publications:

- a. Three copies of each number will be permanently retained by the Association.
- b. As far as possible, ten other copies of each number will be reserved for sale only in complete series.
- c. As far as possible, ten other copies of each number will be reserved for sale only in complete volumes.

Above these 23 reserved copies all copies of every number will be sold by single copy or volume.

The prices at which the surplus publications will be sold are determined by deducting the following discounts from the list prices given for single numbers or volumes in the pages appended to Vol XI, No. 1, Supplement, March, 1921. In case you are interested in these reduction sales and have not a copy of that Supplement, the Secretary will furnish you with a copy of the list prices.

Discounts from List Prices (Per cent)

	Full series	Per volume	Per single number
First Series, 1886-1896, Vols. I-XI.....	75	70	65
Economic Studies, 1896-1899, Vols. I-IV...	75	70	65
New Series, 1896-1899, Vols. I-II.....	75	70	70
Third Series, 1900-1910, Vols. I-XI.....	75	70	5
Economic Bulletin, 1908-1910, Vols. I-III..	75	70	65
Fourth Series: AMERICAN ECONOMIC REVIEW			
1911-1915, Vols. I-V.....	65	60	50
1916-1918, Vols. VI-VIII.....	50	45	30
1919-1921, Vols. IX-XI.....	No discounts		

The above quotations are for paper bound copies; volumes bound in cloth

may be had at 25 per cent additional. In filling orders for bound volumes time must be allowed for binding.

Exceptions will be made of a certain few single numbers, which will not be sold at the discounts above quoted; but instead a discount of 30 per cent will be allowed from the list price.

Orders will be filled as received, first come first served. Address all orders to Professor R. B. Westerfield, Secretary, Yale Station, New Haven, Conn.

Karelsen Prizes. The Karelsen prizes of \$1000 and \$500 for the best and second best papers on the subject "What can a man afford" have been awarded to Paul and Dorothy Douglas, of Chicago, and Carl S. Joslyn, of Cambridge, Massachusetts, respectively. According to the terms of the contest the papers were judged by one economist (F. A. Fetter, of Princeton University), one practical social worker (Mrs. Irene Osgood Andrews, of the American Association for Labor Legislation), and one student of ethics (James H. Tufts, of the University of Chicago). This committee were unanimous in their decision. They also made honorable mention of a third paper by Miss Lillian Brandt, New York City. The Association proposes to publish the prize papers, and possibly the third one, in a Supplement to the *AMERICAN ECONOMIC REVIEW*, probably in September or December of this year.

Second Karelsen Prize Essay Competition. The *AMERICAN ECONOMIC ASSOCIATION* will conduct a second prize essay competition. The award of the prizes of the first competition on "What can a man afford" is announced above.

The subject of the essays of the second contest will be "The relations of capital and labor." What is expected is a working plan for division of profits or bonus in the conduct of an industrial plant of small or moderate size, some plan or suggestion which will give the employee a share of the profits or a voice in the management or any other incentive to do his job well, and which will be, if possible, an application of the Golden Rule. Three prizes will be offered for the most meritorious essays: first prize, \$1,000; second prize, \$500; and third prize, \$250.

Any American citizen is eligible to compete. It is particularly hoped that the officers of labor unions and employers' associations will bring this contest to the attention of their members and employees and that many from these industrial groups will enter the contest.

The essays are to be submitted in typewritten form on or before September 1, 1922, to the Secretary of the *AMERICAN ECONOMIC ASSOCIATION*, New Haven, Connecticut. Each is to be signed with a pseudonym, which should also be written on a sealed envelope containing the real name and address of the writer. No definite length is prescribed for the essays; but it is

expected that each will constitute a small monograph of some 30 to 100 typewritten pages (7,500 to 25,000 words). The successful papers will become the property of the AMERICAN ECONOMIC ASSOCIATION, and it is expected that they will be published as a supplement to the AMERICAN ECONOMIC REVIEW, or in some other way. Further particulars of the contest will be given in the September number of the REVIEW and in circulars from the Secretary's office. All inquiries regarding the contest should be addressed to the Secretary of the AMERICAN ECONOMIC ASSOCIATION, Yale Station, New Haven, Connecticut.

The judges who will determine the award of the prizes will be persons of national reputation and representative of different social and economic groups.

Any member who is willing to sell a copy of the AMERICAN ECONOMIC REVIEW, SUPPLEMENT, for March, 1919, is requested to notify Professor Irving Fisher, 460 Prospect St., New Haven, Conn.

Since the December meeting, the following names have been added to the membership of the AMERICAN ECONOMIC ASSOCIATION:

- Anthony, Arthur B., Sunnyvale, Calif.
Axe, Emerson W., 27 W. 44th St., New York City.
Baker, Elizabeth F., Barnard College, New York City.
Belcher, Donald R., 195 Broadway, New York City.
Berliner, Ronald R., 55 Wall St., New York City.
Berridge, William A., Wadsworth House, Cambridge, Mass.
Bevis, Howard L., 3924 Floral Ave., Norwood, Ohio.
Bigelow, Chester W., 25 Pine St., New York City.
Billingsley, Allen L., 70 Fifth Ave., New York City.
Bird, William P., 1746 Lamont St., N. W., Washington, D. C.
Blackwell, C. T., R. F. D., No. 2, Del Norte, Colo.
Bliven, Bruce, *The Globe*, 73 Dey St., New York City.
Bohnfolk, J. F., 20 Vesey St., New York City.
Bonneville, Joseph H., 101 E. 78th St., New York City.
Borja, Alejandro Ponce, Quito, Ecuador.
Brissenden, P. F., 32 Waverly Place, New York City.
Brown, Lathrop, St. James, N. Y.
Brown, Travis H., Jr., 195 Broadway, New York City.
Butler, Elizabeth R., Furnald Hall, Columbia University, New York City.
Carmichael, Albert, 218 N. Walnut St., Lamoni, Iowa.
Chen, Tsing Hua, Box 10, Univ. of California, Berkeley, Calif.
Chiba, Saburo, 72 Graduate College, Princeton, N. J.
Clabaugh, Hinton G., Lincoln Hotel, Indianapolis, Ind.
Cordell, H. W., Pullman, Wash.
Craig, Ralph C., Liberty National Bank, New York City.
Cross, M. C., 336 Lutz Ave., West Lafayette, Ind.
Davidson, Blaine T., 211 West Hill St., Champaign, Ill.
Draper, Ernest G., 375 Washington St., New York City.
Duffus, Robert L., *New York Globe*, 73 Day St., New York City.

- Ellis, Ray G., 1102 W. Oregon St., Urbana, Ill.
Fisher, John A., Ohio State University, Columbus, Ohio.
Frankenfield, Lorraine, 5026 15th Ave., N.E., Seattle, Wash.
Fullbrook, E. S., University of Nebraska, Lincoln, Neb.
Galster, Augusta E., 109 Commerce Bldg., Univ. of Illinois, Urbana, Ill.
Garrett, S. S., Sibley College, Cornell Univ., Ithaca, N. Y.
Gosswiller, Eugene R., 1639 Lunt Ave., Chicago, Ill.
Gotoh, Teijo, c/o Nippon Usen Kaisha, 120 Broadway, New York City.
Gottschall, M. H., Dept. of Internal Affairs, Harrisburg, Pa.
Grady, Eleanor H., 550 W. 140th St., New York City.
Graham, Frank D., Dartmouth College, Hanover, N. H.
de Haas, J. A., 90 Trinity Place, New York City.
Hallberg, R. E., Room 1660, 208 S. La Salle St., Chicago, Ill.
Hall, Lincoln W., Univ. of Pennsylvania, Philadelphia, Pa.
Hansen, Stanley O., 3406 N. Halsted St., Chicago, Ill.
Harr, Luther A., 4213 Chester Ave., Philadelphia, Pa.
Hayes, Carleton, 383 Henry Bldg., Seattle, Wash.
Hewett, William W., University of Pennsylvania, Philadelphia, Pa.
Hill, Mrs. W. H., 58 Village Ave., Dedham, Mass.
Hilmer, Hermann, Clark College, Worcester, Mass.
Ho, Yuan-lan, Customs House, Shanghai, China.
Hoffman, Wright, University of Pennsylvania, Philadelphia, Pa.
Holt, Col. Lucius H., West Point, N. Y.
Hyde, Duncan C., 27 Gray's Hall, Cambridge, Mass.
Iott, J. M. A., 246b The Terrace, Wellington, New Zealand.
Ishida, I., Room 708, 277 Broadway, New York City.
James, Francis B., 804 Westory Bldg., Washington, D. C.
Johnson, Robert P., 6153 S. Paulina St., Chicago, Ill.
Johnston, Douglas, Box 124, Evanston, Ill.
Jones, Charles W., 403 Clifton Terrace, West, Washington, D. C.
Kawata, Shiro, Kitashirakawa, Oiwakecho, Kyoto, Japan.
Keene, Alden V., Federal Reserve Bank, Boston, Mass.
Keir, Malcolm, Dartmouth College, Hanover, N. H.
Kimball, Milo, 525 Boylston St., Boston, Mass.
King, Clyde L., University of Pennsylvania, Philadelphia, Pa.
Klaragard, Sever, 31 E. Daniel St., Champaign, Ill.
Kohn, Robert D., 56 West 45th St., New York City.
Krafft, W. E., Continental Casualty Co., 910 Michigan Ave., Chicago, Ill.
Lautner, J. E., Northern State Normal School, Marquette, Mich.
Lay, Tracy, Department of State, Washington, D. C.
Leffingwell, R. C., 52 William St., New York City.
Leib, Karl E., University of Washington, Seattle, Wash.
Leshner, Carl E., Linda Ave., White Plains, N. Y.
Lewis, John C., Garrett Bldg., Baltimore, Md.
Lightbody, W. A., 72 Cedar St., Chicago, Ill.
Livingston, George, 1760 Euclid St., Washington, D. C.
Lubarsky, L. H., 63 East Woodland St., Baltimore, Md.
Lustig, A. A., National Press Club, Washington, D. C.
McClung, Reid L., New York University, 32 Waverly Place, New York City.
McKay, M. K., University of Pittsburgh, Pittsburgh, Pa.

- McLean, George, Dubuque, Iowa.
MacClintock, Samuel, City College, New York City.
Mason, David T., University of California, Berkeley, Calif.
Matthews, James M., 465 Worcester St., Wellesley Hills, Mass.
Meyers, Shafter L., First National Bank, Chicago, Ill.
Misner, E. G., State College of Agriculture, Ithaca, N. Y.
Moderwell, Charles N., 332 S. Michigan Ave., Chicago, Ill.
Montgomery, Hugh W., 28 E. Jackson St., Chicago, Ill.
Moore, George H., 15 Ashburton Place, Boston, Mass.
Moorhouse, H. W., 2131 Sherman Ave., Evanston, Ill.
Morson, Walter R., 64 Wellington St., West, Toronto, Ontario, Canada.
Negoro, Mr., c/o Kyo Bun Kwan, No. 1 Shicome, Ginza, Tokyo, Japan.
Noshomu, Rodo, c/o Maruzen Co., Tokyo, Japan.
Osborn, Grover P., 1003 Chapel St., Cincinnati, Ohio.
Otzuka, Kinnosuke, Japanese Consulate General, Hamburg, Germany.
Percefull, Sabin C., Northwestern State Normal School, Alva, Okla.
Peterson, C. M., 3704 Greenview Ave., Chicago, Ill.
Reed, William G., 121 Chestnut St., Philadelphia, Pa.
Richter, Erwin E., 2701 Larkin St., San Francisco, Calif.
Ross, Harry A., University of Illinois, Urbana, Ill.
Russell, Robert T., 747 Union Arcade, Pittsburgh, Pa.
Rossmore, E. E., 217 Broadway, New York City.
Ryan, Franklin W., Box 121, Cambridge, Mass.
Scholz, Karl W. H., University of Pennsylvania, Philadelphia, Pa.
Seltzer, Lawrence, University of Michigan, Ann Arbor, Mich.
Skinner, M. M., University of Washington, Seattle, Wash.
Slade, Mrs. A. J., 15 West 55th St., New York City.
Staples, M. H., 130 King St., East, Toronto, Ontario, Canada.
Stewart, Bryce M., 112 Argyle Ave., Ottawa, Ontario, Canada.
Tol, Lam Sing, Customs College Library, Peking, China.
Traylor, M. A., 68 West Monroe St., Chicago, Ill.
Waggener, J. P., P. O. Box 1031, Wichita Falls, Texas.
Walker, J. E., 446 Senate Office Bldg., Washington, D. C.
Wallace, B. A., 610 13th Ave., S. E., Minneapolis, Minn.
Watkins, T. H., Whitehall Bldg., New York City.
Weld, William E., Columbia University, New York City.
Whyte, John, National Ass'n of Credit Men, 41 Park Row, New York City.
Wilmerding, C. H., 502 National Life Bldg., Chicago, Ill.
Winsor, Lucy B., Stanford University, Calif.
Wisler, Willis, University of Wisconsin, Madison, Wis.
Woodward, J. H., Equitable Life Assurance Society, New York City.
Yang, Chien, Nanking Teachers College, Nanking, China.
Yoder, F. R., State College, Pullman, Wash.
Young, E. Marshall, Room 1415, 29 Broadway, New York City.
Youngblood, B., College Station, Texas.
Zimmerman, Erich W., James Milliken University, Decatur, Ill.

Announcement has been made of the offer of four Hart Schaffner & Marx prizes for the best studies in the economic field, to be submitted in 1922. The six new subjects which are suggested in addition to a long list of available subjects are: (1) Undetected monopoly as affecting cost of living; (2)

A classification of federal expenditures for a national budget system; (3) A program for the industrial transformation of China; (4) Protectionism as affected by the war; (5) The effects of price-fixing by the government during the war; (6) The function of capital. For two of the prizes, the competition is open to undergraduates. Full particulars may be obtained by addressing Professor J. Laurence Laughlin, University of Chicago, Chicago, Ill.

The Carnegie Corporation of New York announces an agreement entered into by the corporation and Leland Stanford Jr. University of California by which a Food Research Institute is to be established at the university for the intensive study of the problems of production, distribution, and consumption of food. The work will be begun July 1. The Carnegie Corporation provides a fund of \$700,000 for its support for a period of ten years. There will be three directors in charge of as many divisions, namely, physiology and chemistry of nutrition, economics and food distribution, and chemistry of food manufacture and agriculture. A small group of fellowships will be available.

The College of William and Mary, Virginia, announces the establishment of a graduate division of the School of Finance and Business Administration.

The Beta Chapter of Delta Phi Epsilon, a national foreign trade professional fraternity, has been organized in Wall Street Division of New York University. This organization admits students and members of the faculty who are interested in the development of foreign trade. The purpose is to create a closer affiliation between the various institutions which are developing foreign trade education and machinery for keeping in closer contact with graduates and former students of the Department of Foreign Trade who are in the foreign field.

A special meeting and dinner of the American Statistical Association was held in New York, April 15, at which Sir Arthur Newsholme was the guest and spoke on "The better use of vital statistics in public health administration."

An International Conference of Child Welfare will be held in Brussels under the auspices of the Belgian government July 18-21, 1921. Detailed information may be obtained from the Children's Bureau, Department of Labor, Washington, D. C.

Preliminary announcement has been made of the Second International Congress of Eugenics to be held in New York City, September 22-28, 1921. Information may be obtained by addressing Dr. C. C. Little, Secretary-General, American Museum of Natural History, 77th St. and Central Park, West, New York City.

The June meeting of the Governmental Research Conference will be held in Philadelphia June 2-4. The Secretary of the Conference is Dr. L. D. Upson, 542 Griswold St., Detroit, Michigan.

The *Nationaloekonomische Gesellschaft* of Vienna recently celebrated the eightieth birthday of Professor Carl Menger. A medal was struck in honor of this occasion. The medal bears on its face in profile the face of the honored economist and the words "Carl Menger." On the reverse side is the full length figure of a sower, with the words: *Frugiferarum Doctrinarum et Auctori et Propagatori Octogenario Amici Discipuli D. D. Anno MCMXX*.

Bronze copies of the medal were sent to several Americans, accompanied by a letter from Professor Joseph Schumpeter expressing the "cordial feelings and admiration" of the Austrian economists. American economists to whom the medals were sent are Professors John B. Clark, Frank A. Fetter, J. Laurence Laughlin, Edwin R. A. Seligman, and Frank W. Taussig. Other Americans receiving the medal are Messrs. Sigmund Zeisler and Henry Jewett Furber of Chicago, who at one time were students of Professor Menger's; also Professor James T. Shotwell of Columbia University, who was present at the celebration in Vienna. Professor Shotwell brought the medals to America, and they were presented through the Carnegie Endowment for International Peace.

Professor Seba Eldridge, head of the department of social sciences at Rockford College, is editing a new social science series to be published by Thomas Y. Crowell Company. The following volumes have been arranged for: *Economics Considered as a Social Science*, by Professor Lionel Edie; *International Government*, by Dr. Jessie W. Hugan; *Labor Problems*, by Professor Gordon S. Watkins; *Crime and Punishment* by Clarence Darrow; and *The History of Socialism*, by Dr. Harry W. Laidler.

Professor Eliot Jones, of Leland Stanford Junior University, has prepared for early publication a volume on *The Trust Problem in the United States* (Macmillan).

The University of Chicago Press announces *Introduction to the Study of Sociology*, by Ernest D. Burton and Edgar J. Park.

The Bureau of Business Research, Northwestern University, will shortly publish through Prentice-Hall, Inc., New York City, a series of six volumes relating to merchandise of clothing. These volumes deal with the following subjects: (1) Sales and sales' ratios in retail clothing stores, 1919, 1918, and 1914; (2) Expenses and expense ratios—rent and wages and salaries, 1919, 1918, and 1914; (3) Expenses and expense ratios—general, bushelling, and total expenses, 1919, 1918, and 1914; (4) Advertising methods and expenses, 1919, 1918, and 1914; (5) Purchase discounts, inventories, average

stock and stock turnover, 1919, 1918, and 1914; (6) Retail clothing stores as operating units.

The Library of Congress has published a *List of Doctoral Dissertations Printed in 1917*, prepared by Katherine Jacobs (Washington, 1921, pp. 204).

The *Yearbook of the Carnegie Endowment for International Peace, 1920* contains a report of the director of the division of economics and history (pp. 65-82).

The Thomas Y. Crowell Company will publish, shortly, *The Sophistry of Socialism*, an explanation and criticism of the doctrines and proposals of scientific socialism, by J. E. LeRossignol, University of Nebraska.

The United States Department of Labor is publishing a new bulletin entitled *Industrial Employment Survey Bulletin*. The first issue appeared in January.

The *Library Journal* for January 15, 1921 (R. R. Bowker Co., 62 West 45th St., New York) contains a classified list of "Special libraries in New York City," compiled by Rebecca B. Rankin. In this are the names of many business houses which maintain libraries.

Occasional Papers, No. 7, published by the General Education Board is entitled *Teachers' Salaries in Certain Endowed Colleges and Universities in the United States*, by Trevor Arnett (New York, 61 Broadway, 1921. Pp. 42).

Bulletin No. 9 published by the Connecticut State Library, Hartford, contains a *Select List of Manuscripts in the Connecticut State Library* (pp. 32).

The College of William and Mary, Williamsburg, Va., has issued a mimeographed *List of Bibliographies on Commercial Education*.

The International Labour Office, Geneva, Switzerland, under date of January, 1921, issued the first number of the *International Labour Review*. Among the articles are: "The International Labour Organization," by Albert Thomas; "The international trade union movement and the Labour Office," J. Oudegeest; "The process of amalgamation in British trade unionism," by Sidney Webb; and "Industrial government," by J. R. Commons. This journal is published in English and "will contain brief scientific articles and important information relating to labor and industry, written in readable, non-technical language."

Appointments and Resignations

Mr. S. B. Ackerman, assistant actuary in the Insurance Department, State of New York, has been appointed lecturer in workmen's compensation at New York University.

Mr. B. W. Barnard resigned his position in the department of economics at Trinity College and is now alumni secretary and graduate manager of athletics in the same college.

Mr. Fred C. Croxton has resigned as assistant general manager of the American Red Cross to become executive secretary of the Columbus, Ohio, Council of Social Agencies.

Mr. William S. Culbertson, who was reappointed last fall to the United States Tariff Commission by President Wilson, but whose nomination was not acted upon by the United States Senate, has been again appointed by President Harding and his appointment confirmed by the Senate.

Dr. Joseph Stancliffe Davis, of Harvard University, has been appointed one of three directors of the new Food Research Institute of Stanford University, and will take up his work in July.

Dr. C. S. Duncan has resigned his position as chief investigator for the National Industrial Conference Board to become director of the Bureau of Business Research for the Southern Wholesale Grocers Association. His office is in New York City.

Captain W. H. Hamilton, until recently judge-advocate in the United States army, has been appointed associate professor of commercial law at the college of William and Mary.

Professor M. B. Hammond, of Ohio State University, will give courses in industrial relations and labor legislation at the University of Chicago during the summer.

Mr. Francis W. Hirst of London will lecture at Stanford University during the coming summer and autumn. He will give courses on the financial conditions of Great Britain and Europe.

Professor Eliot Jones, of Stanford University, will teach in the summer session of the Southern Branch of the University of California.

Mr. Thomas O. Marvin, secretary of the Home Market Club of Boston and editor of *The Protectionist* has been appointed a member of the United States Tariff Commission by President Harding.

Mr. Edward T. Paxton has resigned his position as secretary of the Philadelphia Bureau of Municipal Research in order to give full time to research duties on the staff of this bureau.

Professor Warren M. Persons, of Harvard University, has been appointed Harvard lecturer at Yale University for the year 1921-1922.

Mr. Russell Ramsey, formerly assistant treasurer of the Philadelphia Bureau of Municipal Research has been made secretary of the bureau.

Mr. L. R. Robinson has been appointed instructor in economics at Columbia University.

Professor C. O. Ruggles, who went from Ohio State University last year to become professor of economics and director of the course in commerce in the State University of Iowa, will return to Ohio State University as professor of business organization.

Dr. Frank R. Rutter, of the Bureau of Foreign and Domestic Commerce, Department of Commerce, has been appointed professor of foreign trade at the University of Oregon. He will give two courses on foreign trade at the coming summer session of the University of California.

Professor E. R. A. Seligman has recently been made president of the American Association of University Professors.

Professor C. J. Sembower, who this year has held the position of professor of advertising and salesmanship at Ohio State University will return to Indiana University in the fall as dean of men students.

Professor Martin J. Shugrue, of the Massachusetts Institute of Technology, will give a course in cost accounting in the summer school of Columbia University.

Sir Arthur Steel-Maitland, formerly of the British Foreign Office and Board of Trade, gave a course of six lectures under the Norman Wait Harris Foundation at Northwestern University in March.

Professor Frank H. Streightoff is now associate professor of business administration in the Extension Division of Indiana University.

Mr. W. E. Weld has been appointed assistant professor of economics at Columbia University.

Dr. Nathaniel R. Whitney, professor of finance in the College of Engineering and Commerce at the University of Cincinnati, will offer two graduate courses in finance during the summer at the University of Chicago.

Professor Elmer Wood, of the University of Missouri, has been granted a leave of absence and will pursue graduate work during this next academic year at Harvard University.

Professor Harvey A. Wooster, of Tufts College, is giving a course of lectures in American economic history at the Boston Union College during the spring term of 1921.

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